

# **COUNTY OF FAIRFAX, VIRGINIA OFFICE OF FINANCIAL AND PROGRAM AUDIT**

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**February 2018**

**Quarterly Report**

**FAIRFAX COUNTY BOARD OF SUPERVISORS  
AUDITOR OF THE BOARD  
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**Fairfax County  
Office of Financial and Program Audit**



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**ABSTRACT**

Working under the guidance and direction of the Audit Committee, the Auditor of the Board provides an independent means for assessing management's compliance with policies, programs and resources authorized by the Board of Supervisors. Further to this process, efforts are made to gain reasonable assurance that management complies with all appropriate statutes, ordinances and directives.

This agency plans, designs, and conducts studies, surveys, evaluations and investigations of County agencies as assigned by the Board of Supervisors or the Audit Committee (AC). For each study conducted, the agency focuses primarily on the County's Corporate Stewardship vision elements. The agency does this by developing, whenever possible, information during the studies performed which are used to maximize County revenues or reduce County expenditures.

To assist the Office of Financial and Program Audit (OFPA) with executing the responsibilities under our charge, members of the Fairfax County Board of Supervisors (BOS) submit study recommendations of which the findings and management responses are included in published studies. This process is utilized to provide the constituents, BOS and management reasonable assurance that fiscal and physical controls exist within the County.

Additionally, this agency conducts follow-up work on prior period studies. As part of the post study work conducted, we review the agreed upon managements' action plans. To facilitate the process, we collaborate with management prior to completion of studies. Through this collaboration, timelines for the implementation of corrective action and status updates are documented for presentation at the upcoming Audit Committee Meetings.

The results of studies may not highlight all the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled timeframe, and overall organization's data-mining results. The execution of the OFPA's studies are facilitated through various processes such as; sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. Our audit approach includes interviewing appropriate staff and substantive transaction testing. OFPA staff employs a holistic approach to assess agencies/departments whereby the review is performed utilizing a flow from origination to closeout for the areas under review.

There are several types of studies performed by OFPA, e.g.; operational, financial, compliance, internal controls, etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

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**EMERGENCY MEDICAL SERVICES BILLINGS AND COLLECTIONS STUDY**

**DETAILED OBSERVATIONS AND ACTION PLANS**

**STUDY OVERVIEW**

The results of this study may not highlight all the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled **timeframe, and overall organization's data-mining results**. The execution of **OFPA's studies** are facilitated through various processes such as; sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. There are several types of studies performed by OFPA, e.g.; operational, financial, compliance, internal controls, etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

Regarding this study, through interviews and conversations with management we gained an understanding of the origin of the service delivery concepts related to the billing and collection functions for Emergency Medical Services (EMS) Transport Services. For the purposes of this study we focused on the paradigm around these areas. The issues germane to our review were to ***keep-in-view*** the accounting and finance functions operating under the auspice of accounting for and recognizing ***passive income***. Therefore, we understand that aggressive billing and collection efforts are not employed as a guiding principle for executing these functions. With those thoughts in mind, we proceeded with this study in the manner detailed below.

OFPA endeavored to perform a review that focused on reducing General Fund support through; billable revenues and collections. We also assessed the processes for gathering patient billing information, the billing and collection processes for current and delinquent accounts, and the contractor's collection rate. The billing and collection functions are performed by a third-party administrator (McKesson). We reviewed the; coordination, compliance and service delivery of this process with the Fire and Rescue Department (FRD), the Department of Finance (DOF) and the Department of Taxation (DTA). The FY 2018 Adopted Budget for EMS Transport Fee is ~\$20M. Our study also included a review of revenue recognition, accruals, provisioning, and any other accounting related functions. This study included (but not limited to) an assessment of the following EMS support functions; accounting, billing, collections, constituent verification, waivers and other related ancillary processes.

Substantive testing was performed by utilizing EMS transport tracking data provided by FRD staff. Thirty items were included in the selected sample for transport transaction testing. Selected

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testing results (tables for which anomalies and testing clarifying information) are provided in **Appendix A** and **Appendix B**.

Our audit approach included interviewing appropriate staff and substantive transaction testing. Further to this process we endeavored to assess revenue enhancement and cost reduction opportunities. Lastly, we evaluated compliance, internal controls, and departmental policies and procedures for enhancement opportunities. OFPA staff employs a holistic approach to assess agencies/departments whereby this review was performed utilizing a flow from origination to closeout for the areas under review.

### **OBJECTIVES AND RESULTS**

<b>Business Objectives</b>	<b>Study Assessments</b>
EMS Hardship Waiver Approval Process	<b>Needs Improvement</b>
EMS Hardship Waiver Processing	<b>Needs Improvement</b>
Provisioning for EMS Bad Debt	<b>Needs Improvement</b>
Accuracy of Billing Statements	<b>Satisfactory</b>

<b>Control Summary</b>	
<b>Good Controls</b>	<b>Weak Controls</b>
<ul style="list-style-type: none"><li>Review of billing statements mailed for services provided performed without exception.</li></ul>	<ul style="list-style-type: none"><li>Instances whereby INOVA hardship waivers utilized as sole source for FRD waiver approvals.</li><li>EMS hardship waivers cycle through the process without being completed and all supporting documentation received due to patient non-compliance.</li><li>Aged receivables provisioned same level for several years.</li></ul>

### **OBSERVATIONS AND ACTION PLANS**

The following table(s) detail observation(s) and recommendation(s) from this study along with management's action plan(s) to address these issue(s).

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**EMS HARDSHIP WAIVER APPROVAL PROCESS**

**Risk Ranking**

**MEDIUM**

We noted instances whereby FRD hardship waivers are being approved based on the assessment performed by INOVA hospitals. In these instances, reliance is on INOVA to perform the due diligence re: income verification.

The Patient Care Agreement under which INOVA operates reflects 400% of Federal Poverty Guidelines (FPG) as the basis of approval for waivers. The waivers are used as support by EMS FRD as sufficient support for waiver of FRD transport service charges. Absent of the INOVA waiver form, EMS FRD performs a financial review whereby 300% of FPG is utilized as the basis of approval for waivers.

This practice lends itself to inconsistent practices in evaluating and approving waivers. Inconsistent in that some transport charges are waived utilizing an assessment whereby 400% of FPG is the basis of approval for waivers. In other cases, 300% of FPG is the basis of approval for waivers and the assessment of the waiver is performed by FRD EMS finance staff.

9 of 30 or 30% of the sample revealed instances whereby the hardship waivers were approved per INOVA guidelines.

Additionally, it is not explicitly stated in the FRD policy statement documents that EMS staff should accept waiver assessments by INOVA as approvals for FRD waivers. The acceptance of INOVA financial aid is documented in desk procedures as guidance for FRD staff for waiving fees.

**Recommendation**

Per the INOVA charity care agreement, full charity write-off for patients in households with income levels at or below 400% of FPG are waived. This policy applies to both underinsured and uninsured patients. INOVA changed its charity care policy effective January 1, 2016. FRD is operating under the premise that INOVA waives its fees if a patient can demonstrate income below 250% of FPG, which was INOVA's old practice. FRD approves waivers if a patient can demonstrate income below 300% of FPG.

As there is an inconsistency in the waiver process, we recommend that FRD apply a consistent waiver process for approving hardship waivers. Additionally, FRD should codify this process in the respective policy statements. This will ensure the waiver process instituted by INOVA is performed in a consistent manner. This practice will also assist management in aligning the waiver process to ensure the approval assessments are performed in a consistent manner. As a result of this review, FRD staff has intimated they are in the process of including language in the respective policy statements to address the INOVA approval process. We are requesting that the changes are aligned with the above-mentioned recommendations in actionable and measurable context.

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**Action Plan**

Point of Contact	Target Implementation Date	Email Address
John J. Caussin Jr. (Assistant Fire Chief, FRD)	June 29, 2018	<a href="mailto:John.Caussin@Fairfaxcounty.gov">John.Caussin@Fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

Since the EMS Transport Billing Program was initiated in April 2005, FRD has been authorized by the County Executive and Board of Supervisors to waive EMS transport charges ONLY for families with incomes at or below 300% of the federal poverty guidelines (FPG). For over 11 years and consistent with BOS guidance for compassionate billing practices, the 300% FPG threshold was either at the same level or more generous than the applicable charity care policies of all D.C. metropolitan area hospitals to which FRD transports patients.

In addition, a more detailed review of EMS transport waivers that FRD approved primarily on the basis of an INOVA charity care letter since INOVA's charity income threshold was raised to 400% of FPG indicated that only 2.5% of such applicants actually had incomes above 300% of the FPG. Therefore, the annualized FY 2017 fiscal impact of approving these waivers is estimated to have been no more than a total of \$5,425 (which is 0.03% of total FY 2017 net revenues).

The INOVA Health System's 2016 change in their charity care threshold to 400% of the FPG was simply not communicated to the EMS Transport Billing Program. That communication is usually a function of inter-agency communication between FRD and the Health Department in relation to Fairfax County's Health Care Advisory Board (HCAB). The HCAB oversees INOVA's implementation of their charity care policies and assesses its community benefit.

Next steps:

- The EMS Transport Billing Program Manager will consult with the Health Department's staff liaison to the HCAB at least twice a year (i.e., following the HCAB's semi-annual meetings with INOVA leadership to discuss the INOVA Charity Care policy) to ensure the EMS Transport Billing Program's ongoing alignment with current INOVA charity care policies, and utilization of the appropriate income thresholds for EMS transport waivers. The EMS Transport Billing Program Manager will also review the charity care policies of all other regional hospitals to which FRD transports patients at least once per year to ensure that FRD policy remains at the top of the income threshold for EMS transport waivers.
- FRD staff has already begun the process of updating departmental policies to align the income thresholds for EMS transport waivers with the current INOVA charity care policy. A board item will be prepared and submitted for BOS approval granting FRD authority to align the EMS transport waiver threshold with the INOVA charity care policy going forward.



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**EMS HARDSHIP WAIVER PROCESSING**

**Risk Ranking**

**LOW**

FRD finance staff writes-off receivables aged past 180 days. During our substantive testing of 30 samples of the billing and collection process we observed the following:

- 5 of 30 or 16.66% of the sample revealed instances where the applications for EMS Transport waivers were incomplete and **never** finalized due to patient non-compliance. These billings approached 180 days and were written off. The hardship waiver review and approval function was abated through this process.

Writing off **unapproved hardship waivers** degrades the established practices.

**Recommendation**

We recommend that efforts are made to complete the approval and waiver process before writing off the related aged receivables.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
John J. Caussin Jr. (Assistant Fire Chief, FRD)	April 30, 2018	<a href="mailto:John.Caussin@Fairfaxcounty.gov">John.Caussin@Fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

To address this recommendation, FRD will communicate a 30-day deadline for completion in correspondence to waiver applicants requesting additional information, back-up documentation, and/or completion of a hardship waiver application. Following the 30-day period, if a hardship waiver application is still incomplete, the application will be deemed invalid/denied, and the patient's account will continue to be processed as per established EMS Transport Billing Program policies and procedures.

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**PROVISIONING FOR EMS BAD DEBT**

**Risk Ranking**

**LOW**

FRD EMS receivables are aged up to 180 days on the McKesson Accounts Receivable (AR) report. This report was created and populated per the guidance provided by FRD to McKesson and is in compliance with the AR accounting standards of the County. FRD with the assistance of DOF provision \$5,000,000 for EMS receivables annually. The average receivable balance over the past five years is \$7,935,842. The policy of writing off aged receivables past 180 days reflects a result of approximately 63% provisioning. Further to this observation, FRD reported gross collection rate approached approximately 58.6% for FY 2017. Over the past three years the gross collection rate has never been lower than 53.0%.

**Recommendation**

We understand the provisioning assessment process is performed at a high level and does not financially impact *Current Assets* or the *Balance Sheet*. These monies are recorded as deferred income, as communicated by DOF. To enhance the management accounting practices of the County, we recommend that consideration is given to the process of re-assessing the EMS FRD provision compilation, with the assistance of DOF. We also recommend that consideration is given to including the use of receivables balances, collection history, provisioning matrix, and other traditional provisioning tools. Performing the provisioning process utilizing this granular level assessment will assist staff in the compilation of a more accurate receivable provision.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
John J. Caussin Jr. (Assistant Fire Chief, FRD)	June 30, 2018	<a href="mailto:John.Caussin@Fairfaxcounty.gov">John.Caussin@Fairfaxcounty.gov</a>
Deirdre Finneran (Deputy Director, DOF)		<a href="mailto:Deirdre.Finneran@Fairfaxcounty.gov">Deirdre.Finneran@Fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

Given its negligible financial impact, historically, the provisioning assessment process for EMS Transport Billing Fee Revenues has been done pro-forma via a brief annual discussion between staff at FRD and the Department of Finance, based on the extensive experience and judgement of the individuals involved. Given this current recommendation and new staff, the EMS Transport Billing Program staff will coordinate a more formal annual

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assessment of the EMS Transport Billing Fee Revenues provisioning entry with the Department of Finance each fiscal year at year-end, as prescribed.

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**COUNTY PROCUREMENT CYCLE ANALYSIS STUDY**

**DETAILED OBSERVATIONS AND ACTION PLANS**

**STUDY OVERVIEW**

The results of this study may not highlight all the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled ***timeframe, and overall organization's data-mining results***. The execution of the Office of Financial and Program Audit (***OFPA's studies***) are facilitated through various processes such as; sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. There are several types of studies performed by OFPA, e.g.; operational, financial, compliance, internal controls, etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

Procurement cycles have major impacts on business strategies, operational costs and service deliveries. Streamlined procurement cycles facilitate efficient approaches to reduce operational costs and provide competitive advantages in the market; however an over-emphasis on expediency can compromise contract quality and risk mitigation and a one fits all response will not address unique and complex scenarios which accompany some of the larger, more detailed procurements. This study was performed to assess the procurement process from initial requests to contract award. This review also included a review of agencies' (***requesting and supporting***) roles in the procurement process. The report-out does not include information such as benchmarking to comparable jurisdictions. No comparable jurisdictions in the Northern Virginia area could be identified that had performed the same analysis. It is importation to benchmark against Northern Virginia comparable jurisdictions as these jurisdictions must also comply with the Virginia statutes. This study excluded the following procurement authorities; Fairfax County Public Schools (FCPS), Department of Public Works and Environmental Services (DPWES), Fairfax County Department of Transportation (FCDOT), Fairfax County Park Authority (FCPA), Department of Administration for Human Services (DAHS), Department of Housing and Community Development (DHCD) and Retirement Administration Agency (RAA). These agencies will be reviewed under separate cover in future quarters.

The Virginia Public Procurement Act provides two formal methods of competitive source selection. Award under an invitation for bid (IFB) is made to the lowest responsive and responsible bidder. Award under a request for proposal (RFP) is made through competitive negotiations to the top rated offeror. ***Evaluating an IFB differs from an RFP***, in that only criteria that pricing department has to evaluate is lowest responsive/responsible bidder. This also means that there can't be any negotiations about price, services, terms or conditions required by the contract.

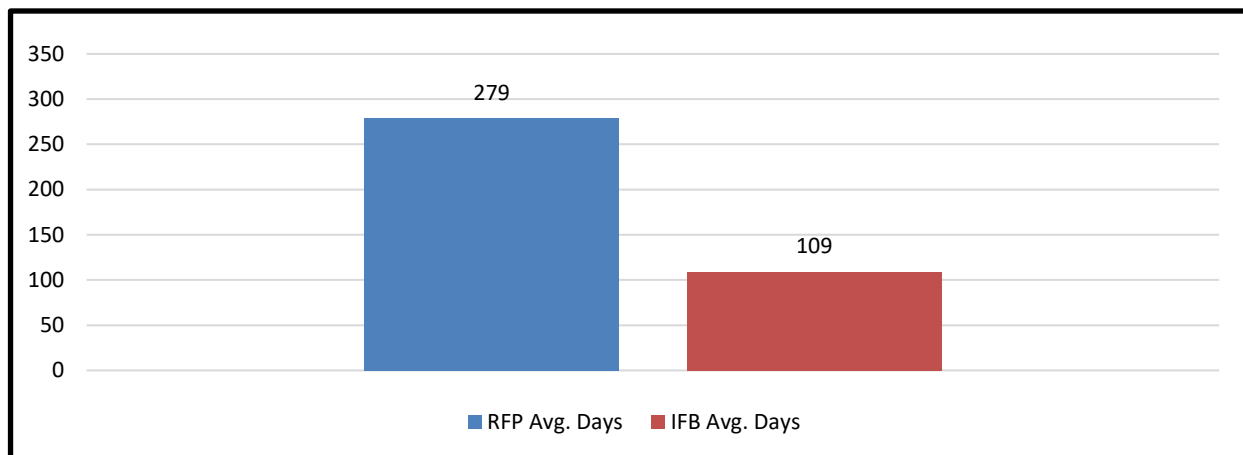
Below are the RFP procurement review timeline attributes included in the presentation of our review:

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- Time from requestor's solicitation to preparation and issuance of RFP.
- Receipt of RFP bids to review process.
- Selection Advisory Committee (SAC) review of technical proposal.
- SAC review of business proposal.
- Negotiation of contracts for vendor selection.
- Evaluation of time commitment by (**requesting and supporting**) agencies in the procurement process.
- Contract award recommendation by SAC.
- Contract award finalized.

**The Procurement Manual** provides a more comprehensive write-up to the procurement process. The Analyses performed by our office revealed the average amount of days to complete a RFP procurement was **279** days. Additionally, the average amount of days to complete an IFB procurement was **109** days.

**Avg. Days to Complete Procurements  
FY 2016 & FY 2017**



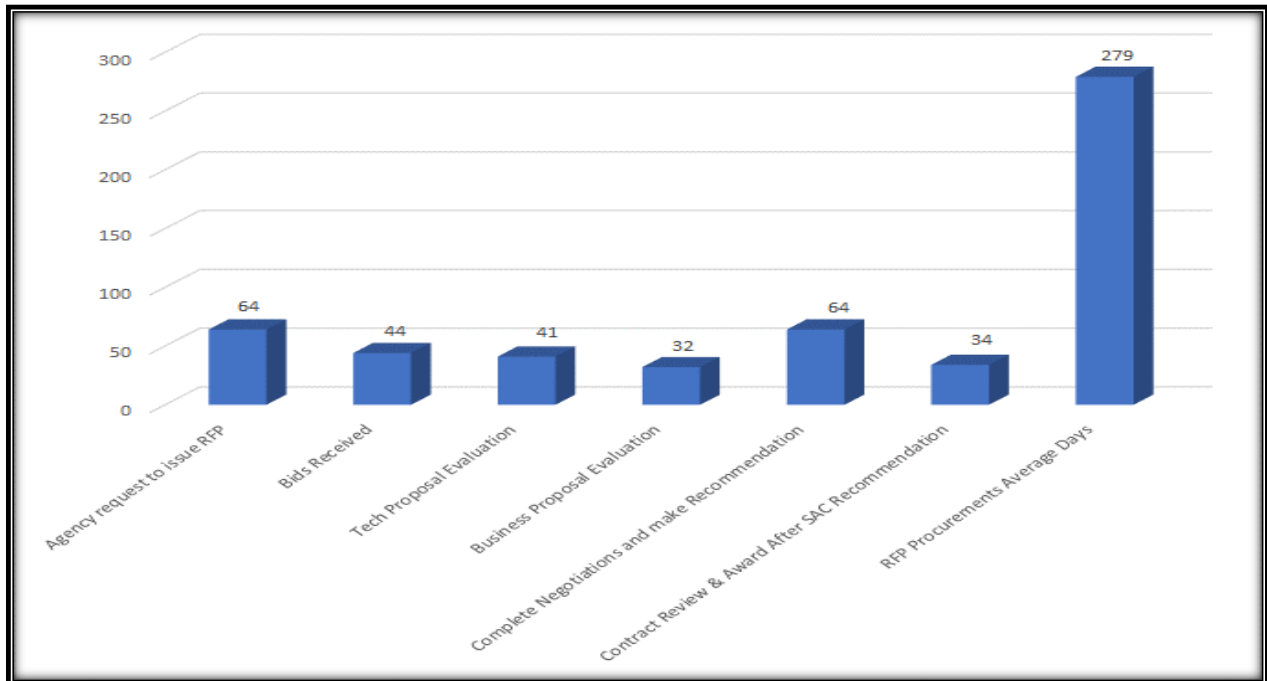
**Data Provided by DPMM**

**Reported procurement cycle time (County budget):** DPMM provided context around the overall procurement cycle re: average days to procure RFP related procurements as reported to DMB which was lower than the figure reported in OFPA's analysis. DPMM only excluded one outlier in RFP processing time in FY 2017, all other fiscal years include the full dataset. FY 2016 is an amended outcome, based on a modification of the calculation methodology.

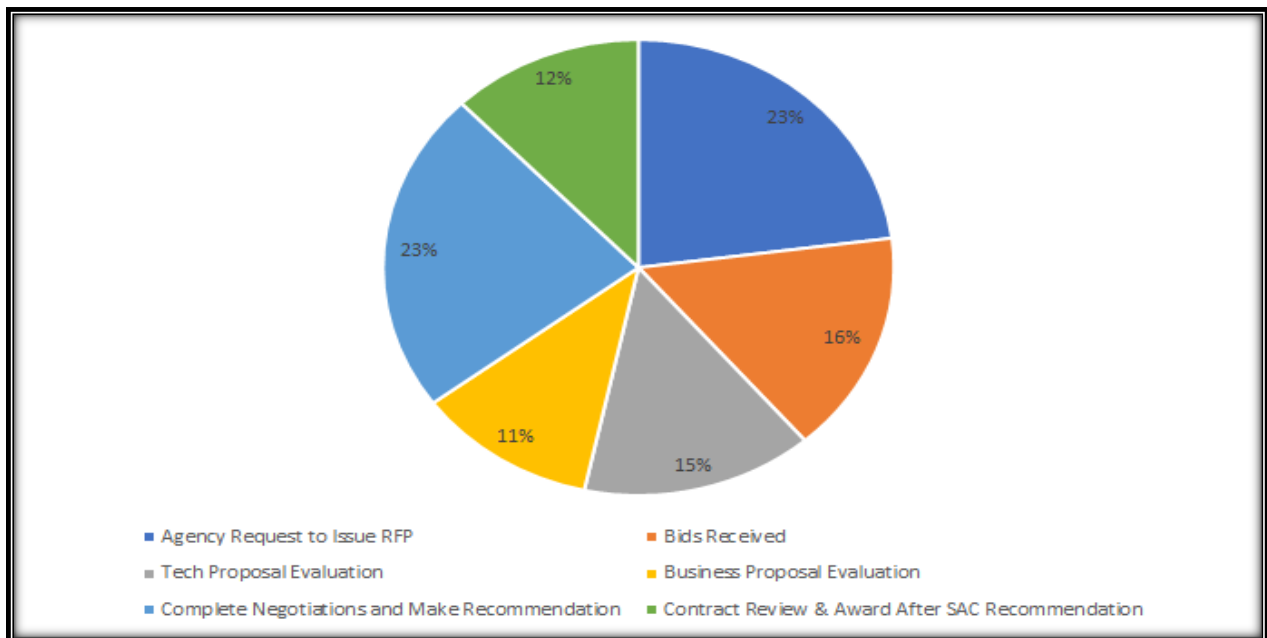
FY 2014	FY 2015	FY 2016	FY 2017
239	212	272	235

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**Avg. Days to Complete RFP Procurements by Process for Total Population  
FY 2016 & FY 2017**



**Avg. Days to Complete RFP Procurements by Process  
for Total Population in Percentage Terms  
FY 2016 & FY 2017**



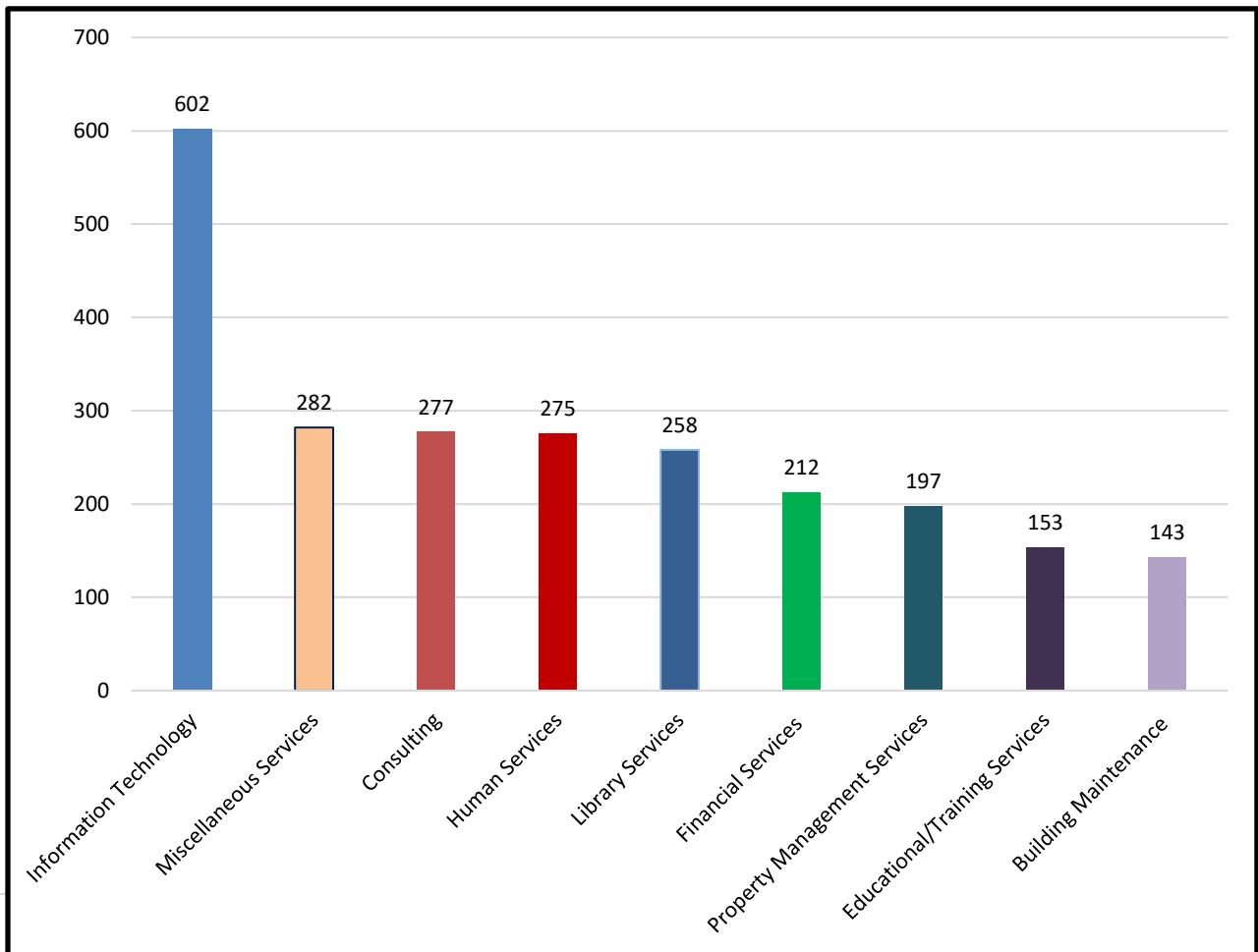
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Our emphasis for this study was to analyze the RFP procurement **cycle** analytics. We endeavored to identify bottlenecks and opportunities to streamline the RFP procurement process. We also assessed the procurement **processes** for IFBs and RFPs.

Substantive testing was performed by utilizing solicitation files provided by DPMM staff. Seventeen judgmental case studies (12 RFP and 5 IFB) were selected to test in detail. Included in the sample was one RFP contract awarded in FY 2015. Several of the case study procurements were IT related, which by their nature, typically take longer as the projects involve multiple customers and the final contract may incorporate many subordinate agreements such as software licenses.

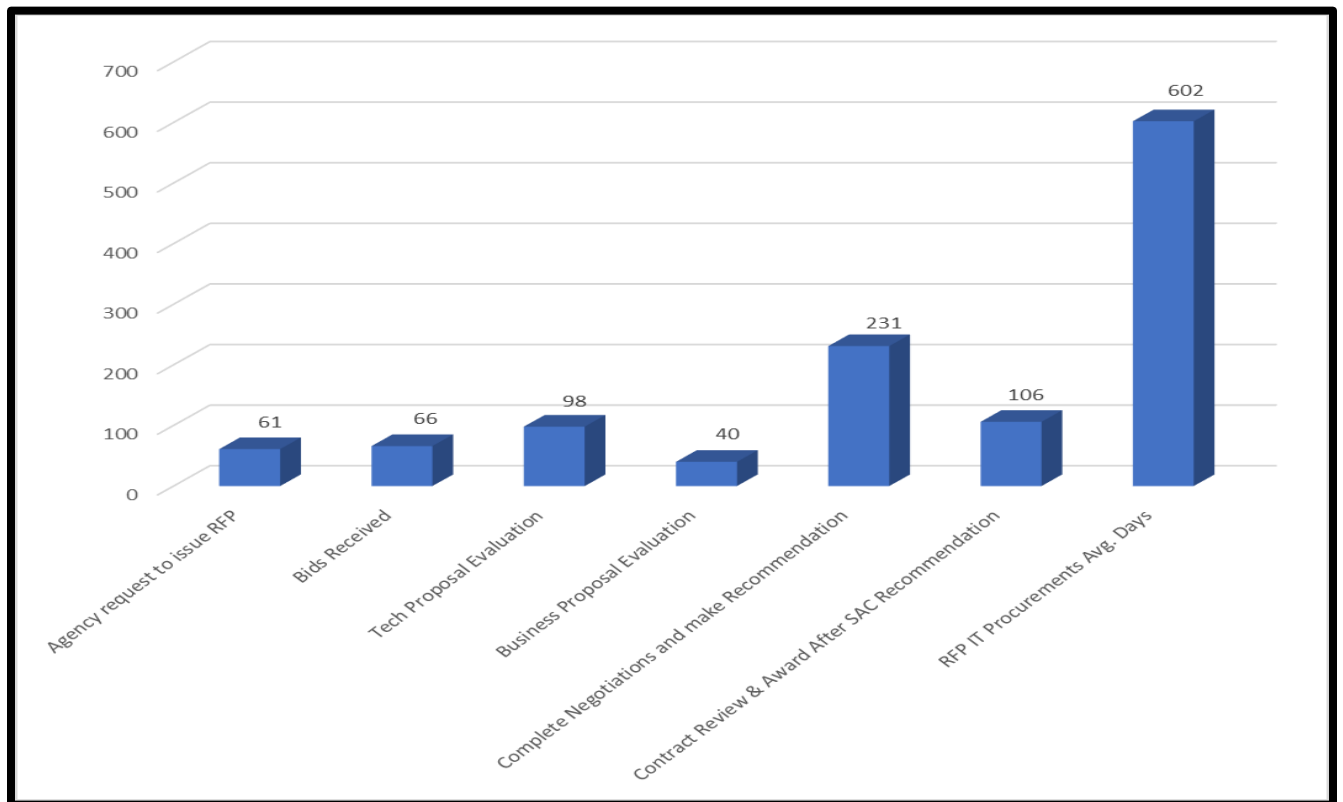
The major milestones for the RFP procurement process are consistent, however, the challenges at each stage vary as the breadth and scope of goods and services being procured by the County can be highly unique and complex. To identify the bottlenecks in the RFP procurement process, we stratified procurements by category to better analyze the results. These results highlighted potential bottlenecks and opportunities for streamlining the process. The results below were reviewed with management for concurrence and knowledge sharing.

**Avg. Days to Complete RFP Procurements by Area  
FY 2016 & FY 2017**

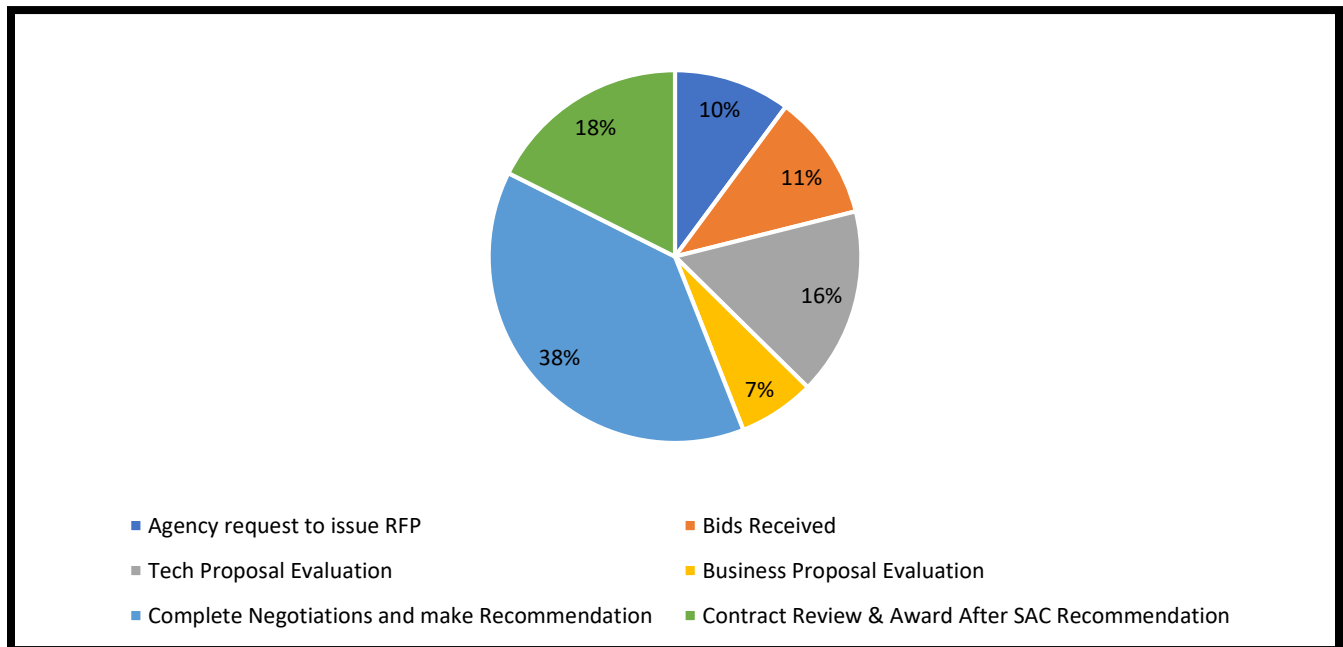


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Avg. Days to Complete IT RFP Procurements by Process for Population  
FY 2016 & FY 2017



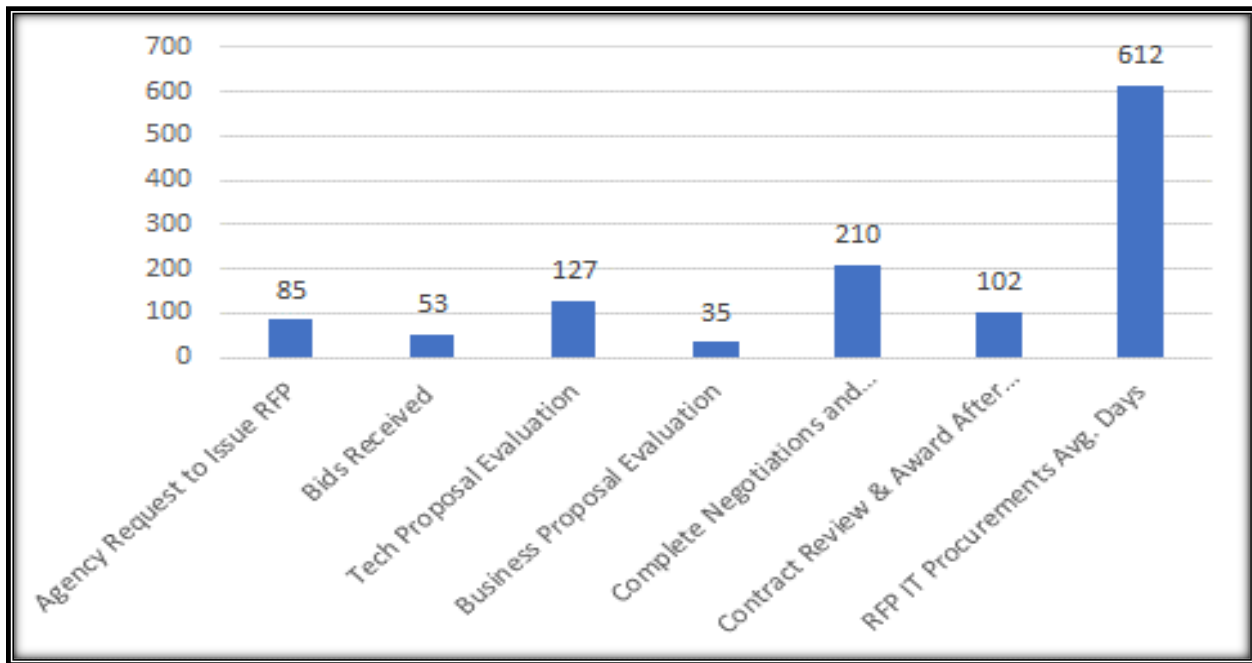
IT RFP Procurements by Process for Population in Percentage Terms  
FY 2016 & FY 2017



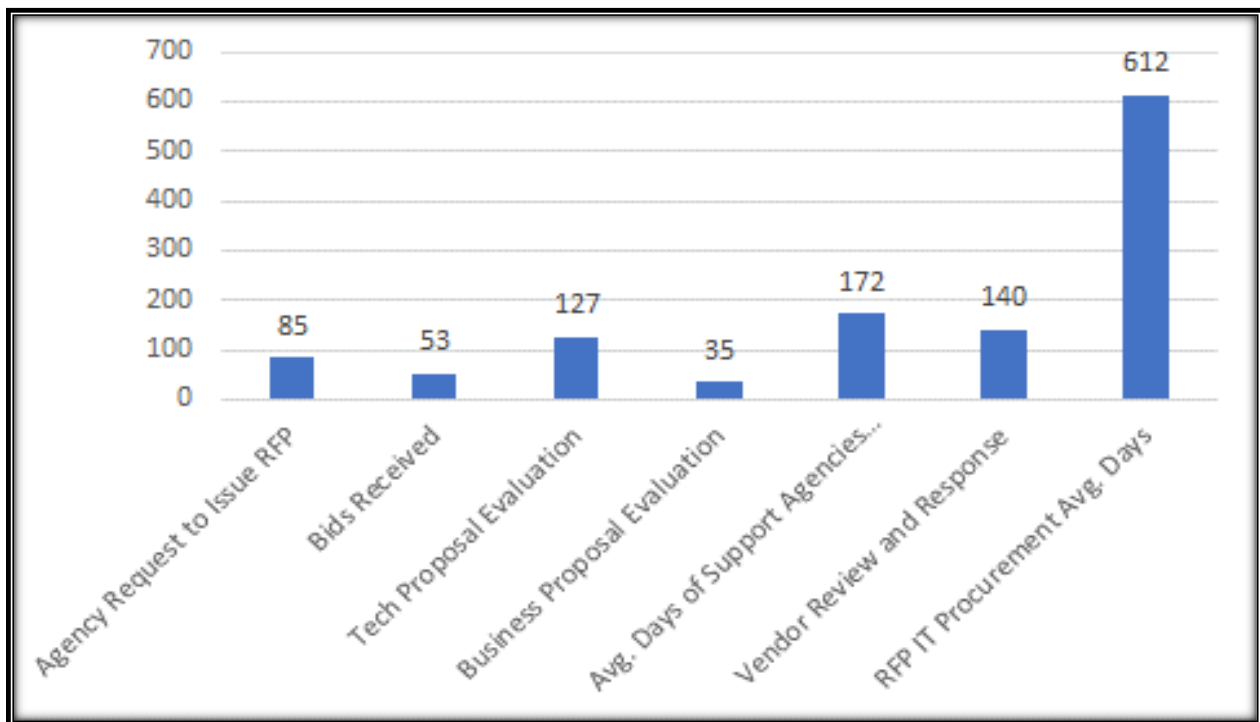


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**Avg. Days to Complete IT RFP Procurements by Process for Case Studies**



**Avg. Days to Complete IT RFP Procurements by Support Agencies for Case Studies**



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Our audit approach included interviewing County staff and transaction testing. We evaluated procurement constraints to identify process enhancements, this assisted us in compiling observations and recommendations to streamline the procurement process.

**OBJECTIVES AND RESULTS**

<b>Business Objectives</b>	<b>Study Assessments</b>
SAC Committee Evaluation Timeline	<b>Needs Enhancement</b>
RFP Procurements Process Timeline to Award	<b>Needs Enhancement</b>
Collaborative Cross Departmental Work Group	<b>Needs Enhancement</b>
Negotiations with Vendor's Counsel	<b>Needs Enhancement</b>
Coordination of Annual IT Plan between DIT, DPMM & OCA	<b>Needs Enhancement</b>
Timeline for Vendors to Respond to Requests	<b>Needs Enhancement</b>
Standardized IT Procurement Contract Templates	<b>New Enhancement</b>
Acknowledgement Certification	<b>New Enhancement</b>
Average Days to Complete IFB Procurements	<b>Satisfactory</b>
Procurement Guidance to Process Owners	<b>Satisfactory</b>

<b>Control Summary</b>	
<b>Good Controls</b>	<b>Enhancements To The Process</b>
<ul style="list-style-type: none"> <li>Average days to complete IFB procurements appear to be within reasonable timeframes.</li> <li>DPMM subject matter expertise and guidance provided adds value to the procurement process.</li> </ul>	<ul style="list-style-type: none"> <li>Bottlenecked process due to extended review and move of procurements to next phase by SAC.</li> <li>Extended days to flow from intake to processing due to backlogged solicitation requests.</li> <li>POCs not identified at project inception, this may result in delays in the procurement process.</li> <li>Enhance contracting phase by expediting the use of OCA to work with vendor counsel.</li> <li>Coordination between DIT, DPMM and OCA on Annual IT Plan.</li> <li>Delayed responses from vendors adversely impact the procurement process.</li> <li>Improvements to the standardized RFP IT procurement contract templates could decrease procurement timeline.</li> </ul>

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Control Summary	
Good Controls	Enhancements To The Process
	<ul style="list-style-type: none"><li>• The addition of an Acknowledgement Certification in the procurement process (where appropriate) could assist streamlining and reduce the negotiation time.</li></ul>

**OBSERVATIONS AND ACTION PLANS**

The following table(s) detail observation(s) and recommendation(s) from this study along with management's action plan(s) to address these issue(s).

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**SAC COMMITTEE EVALUATION TIMELINE**

**Enhancement Opportunity**

**PROCESS ENHANCEMENT**

The SAC is an evaluation committee that is responsible for reviewing and evaluating proposals for RFPs and recommending the award to the purchasing agent. This committee's role is an essential function in the process. The SAC must be comprised of a minimum of 3 staff members. Prior SAC committee members have intimated that larger SAC panels have adverse effects on the process whereby delays occurred in the meeting coordination, planning of negotiations with vendor(s) and overall evaluation phase of the procurement process. Evaluation committee members may include project managers, representatives of the user department and other internal/external project stakeholders. DPMM uses procurement schedules which includes milestones and timelines for each procurement, these tools are not consistently enforced.

Our review revealed many instances whereby the SAC evaluation process was bottlenecked due to factors such as; conflicts in schedules and availability of SAC to review large, complex proposals and attend meetings. The coordination of these schedules is critical to the process for all project phases, including the demo/negotiation phase. Process dictates that communication between the County and the offeror be facilitated by the DPMM contract specialist to ensure all transactions are conducted fairly. Direct communication between the offeror and the SAC chair or negotiation lead is recommended on a case-by-case basis.

**Recommendation**

We recommend that the project predetermined timelines are managed through the use of an existing management tool. As DPMM has an oversight function, and utilizes a procurement project management tool to manage the predetermined timelines established in the DPMM project plan. We also recommend that DPMM strategize with the SAC chair to ensure that the project schedule is maintained.

Additionally, consideration should be given to structuring the SAC with SME's with background in the project subject matter. When appointing SAC members, consideration should also be given to the level and/or grade of the employee as the limited availability of senior management may adversely impact the procurement cycle time.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Cathy Muse (Director, DPMM)	February 28, 2019	<a href="mailto:Cathy.Muse@FairfaxCounty.gov">Cathy.Muse@FairfaxCounty.gov</a>

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**MANAGEMENT RESPONSE:**

DPMM concurs with the first process enhancement recommendation. The existing procurement project management tool is scheduled to be retired and the department will work with DIT to identify and implement a more robust system that supports project management, as well as, management reporting.

DPMM concurs with the second process enhancement recommendation. The size and composition of the SAC is a matter fully within the authority of the Purchasing Agent. DPMM will discourage the appointment of high level County officials (where appropriate) and will approve large SAC committees only where deemed necessary due to the complex nature of the procurement.

For IT Projects, the recommended process already exists. IT Projects in the official IT Investment Plan are managed by an appointed agency sponsor Project Manager and DIT appointed technical project Manager, who are responsible as part of their duties to lead the SAC process if a solicitation is required for a solution and/or implementation firm. The composition of the SAC is based on being sure that all stakeholder agencies are represented in the selection process including business function and IT SMES. The DIT PMO has a role in advising the Project Managers to maintain status spend and required coordination based on County IT Project Policy. All IT Projects are required to have a Project Plan that includes estimated timeframes for all activity milestones including procurement cycle time.

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**RFP PROCUREMENTS PROCESS TIMELINE TO AWARD**

**Enhancement Opportunity**

**PROCESS ENHANCEMENT**

Our analysis revealed average days to complete a RFP as **279** days. Our sample revealed the following bottlenecks that prolonged the RFP procurement process. This list only covers areas not previously addressed:

- Procurement request intake process compromised due to;
  - Incorrect contract templates used by user agencies, and
  - Incomplete RFP Solicitation Requests remitted by user agencies.

**Recommendation**

As the initial backlog in the procurement process is perceived to be created by the procurement request intake bottleneck, we recommend this process is reviewed to identify gaps for remedies. We also recommend that contract templates are reviewed and updated, changes should be communicated in the most efficient manner to needed parties. Lastly, we recommend that RFP predetermined timelines are managed using an existing project management tool to assist in staying with proposed completion dates, to the extent feasible.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Cathy Muse (Director, DPMM)	February 28, 2019	<a href="mailto:Cathy.Muse@fairfaxcounty.gov">Cathy.Muse@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM concurs with the recommended process enhancement. The department will consider implementation of a scope of work or statement of work (SOW) tool for use by user agencies, in lieu of contract templates. The SOW tool would prompt user agencies to provide pertinent information related to their requirement without any need to edit, modify, or otherwise employ the contract templates. The templates are designed for use by DPMM contract specialist and need not be provided to the end user to initiate the procurement process.

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**COLLABORATIVE CROSS DEPARTMENTAL WORK GROUP**

**Enhancement Opportunity**

**PROCESS ENHANCEMENT**

Through interviews with OCA and meetings with related parties, we were informed of instances whereby, during legal review, difficulties were experienced in identifying the Point of Contact (POC) for some IT procurements from DIT and other stakeholders in the process. This has contributed to the prolonged IT RFP procurement process.

**Recommendation**

We recommend that a work group is formulated with representatives from DPMM, DIT, OCA (*and/or other parties as deemed appropriate*) to strategize in the earliest (or most appropriate phase) of the procurement cycle. This will enhance the process of identifying and liaising with the POCs. This group should be convened to identify times to liaise with parties needed to effectively execute the procurement process, to include:

- OCA's involvement at the appropriate time for these high-level IT related procurements.
- To identify process owners aligned with the procurements in question.
  - For example; DIT to provide the process owners that are subject matter experts, available and to assist in assessing the timeline and other related objectives.
  - Consideration be given to DIT staff attending the monthly meeting between DPMM and OCA (*which currently exists*) to discuss procurements in queue. This will assist DIT in proactively identifying procurements which require the expertise and/or staffing.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Elizabeth Teare (County Attorney)	February 28, 2019	<a href="mailto:Elizabeth.Teare@fairfaxcounty.gov">Elizabeth.Teare@fairfaxcounty.gov</a>
Wanda Gibson (Director, DIT)		<a href="mailto:Wanda.Gibson@fairfaxcounty.gov">Wanda.Gibson@fairfaxcounty.gov</a>
Cathy Muse (Director, DPMM)		<a href="mailto:Cathy.Muse@fairfaxcounty.gov">Cathy.Muse@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM concurs with the first recommended process enhancement. Typically, a subject matter expert or project manager is identified at the outset of the project. On occasion, staffing changes have challenged staff to identify the correct POC to provide guidance and direction.

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DPMM will give consideration to the second recommended process enhancement. The monthly DPMM and OCA meeting agenda includes many non-IT procurement matters. The quarterly DPMM / DIT business planning meetings are another opportunity to collaborate on projects.

OCA concurs with the first recommended process enhancement and shares DPMM's concerns that the monthly DPMM/OCA meetings include many non-IT issues and that adding DIT to the quarterly meetings between OCA and DPMM might be more collaborative.

DIT supports the recommendation to include OCA earlier in the process for major, complex IT projects for input to the special terms and conditions prior to issuance of the RFP and for general awareness. It is the current practice for DIT to determine and identify a project manager at the outset of the process. DIT concurs with the recommendation for DIT to attend the monthly DPMM-OCA meeting for IT-related projects on the agenda.



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**NEGOTIATIONS WITH VENDOR'S COUNSEL**

**Enhancement Opportunity**

**PROCESS ENHANCEMENT**

As observed during interviews, OCA sometimes negotiates with vendor's counsel during later phases in the procurement process. It was asserted that when OCA negotiates with vendor's counsel directly, the review process is expedited. We were also informed that there are cases whereby vendor Counsel is not always available to negotiate with OCA. This has contributed to a bottleneck in the flow of communication.

**Recommendation**

We recommend that a trigger is included in the **Contract Specialist Procedural Reference (if exist)** to include an early indicator for contacting OCA to assist in procurement when legal expertise is needed. There was considerable discussion around this issue and it appeared this process is expedited when OCA starts the dialogue early in the process with vendor counsel of the vendors.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Elizabeth Teare (County Attorney)	February 28, 2019	<a href="mailto:Elizabeth.Teare@fairfaxcounty.gov">Elizabeth.Teare@fairfaxcounty.gov</a>
Cathy Muse (Director, DPMM)		<a href="mailto:Cathy.Muse@fairfaxcounty.gov">Cathy.Muse@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM concurs with the recommended process enhancement. DPMM contract specialists will strive to identify the earliest appropriate time to consult OCA for legal advice and review. There are predictable, but not consistent, stages in the contract negotiation process where OCA assistance is needed. DPMM management will provide regular oversight and guidance over complex procurements to improve DPMM / OCA consultation.

OCA concurs with the recommendation process enhancement. OCA agrees that the sooner it is notified that a legal review is needed, the sooner it will be able to review relevant documents and provide legal assistance.

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**COORDINATION OF ANNUAL IT PLAN BETWEEN DIT, DPMM & OCA**

**Enhancement Opportunity**

**PROCESS ENHANCEMENT**

DIT compiles an Annual IT plan which catalogs the upcoming IT projects. DPMM and OCA participate in the IT related procurement process. Currently, IT projects are forwarded to OCA when assistance is needed. Staff and workload assessment is then made to identify resources and prioritize assignments required for this endeavor.

**Recommendation**

To assist improving the efficiency in obtaining legal expertise, we recommend that the DIT Annual IT plan is reviewed with DPMM and OCA to discuss upcoming procurements and other strategic initiatives. This process should be implemented based on the frequency and depth as deemed appropriate by the related parties.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Elizabeth Teare (County Attorney)	February 28, 2019	<a href="mailto:Elizabeth.Teare@fairfaxcounty.gov">Elizabeth.Teare@fairfaxcounty.gov</a>
Wanda Gibson (Director, DIT)		<a href="mailto:Wanda.Gibson@fairfaxcounty.gov">Wanda.Gibson@fairfaxcounty.gov</a>
Cathy Muse (Director, DPMM)		<a href="mailto:Cathy.Muse@fairfaxcounty.gov">Cathy.Muse@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM concurs with the recommended process enhancement. As the County's IT plan is prepared and published annually, we will meet with DIT and OCA to gain awareness of major IT procurements.

OCA concurs with the recommended process enhancement and agrees that it will be in a better position to expedite legal review and negotiations with prospective vendors if OCA brought in earlier in the process.

DIT concurs with this recommendation and will meet with DPMM and OCA after publishing of the Annual IT Plan to provide awareness and likely timeframes for upcoming major IT procurements.

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**TIMELINE FOR VENDORS TO RESPOND TO REQUESTS**

**Enhancement Opportunity**

**PROCESS ENHANCEMENT**

As noted from our review and acknowledged by the attendees, vendor time to review and return contract terms contributes to the extended time to procure. DPMM currently identifies a response time in all vendor correspondence, but, has not been strictly enforcing compliance. Improvement in this area will facilitate the process from a timeline standpoint.

**Recommendation**

We recommend that consideration is given to limiting the time vendors are required to respond with questions/concerns and/or proposed contracts terms (e.g., based on days deemed appropriate). Clarifying questions and/or contract issues could restart the clock. These are merely examples and should be fared out by the appropriate group. This process enhancement could facilitate the process from a timeline standpoint.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Cathy Muse (Director, DPMM)	August 31, 2018	<a href="mailto:Cathy.Muse@fairfaxcounty.gov">Cathy.Muse@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM concurs with the recommended process enhancement. DPMM staff will use available desktop tools in conjunction with the existing IT project management tool to improve efficiency in the procurement process. Chronic non-responsiveness will be escalated in the department to bring additional resources to the matter.

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**STANDARDIZED IT PROCUREMENT CONTRACT TEMPLATES**

**Enhancement Opportunity**

**NEW ENHANCEMENT**

OCA is often called upon to review, assess risk, and propose modifications to proposed contract terms. This process has contributed to the extended times to procure. These procurements include;

- Cloud,
- Software,
- Hardware, and
- Other related information technology goods and services.

We are aware that these contracts cannot be standardized to the extent of being executed without changes. Through conversations and meetings, we understand that enhancing the existing templates and standardizing sections in the contract, where appropriate, could assist in streamlining the procurement process.

**Recommendation**

We recommend that consideration is given to OCA liaising with DIT and DPMM to standardize sections of the contracts, where appropriate. This recommendation is designed to make reductions in the resources needed to compile contracts.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Elizabeth Teare (County Attorney)	February 28, 2019	<a href="mailto:Elizabeth.Teare@fairfaxcounty.gov">Elizabeth.Teare@fairfaxcounty.gov</a>
Wanda Gibson (Director, DIT)		<a href="mailto:Wanda.Gibson@fairfaxcounty.gov">Wanda.Gibson@fairfaxcounty.gov</a>
Cathy Muse (Director, DPMM)		<a href="mailto:Cathy.Muse@fairfaxcounty.gov">Cathy.Muse@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM and OCA concur with new enhancement recommendation. Earlier collaboration on the development of an updated IT solicitations would improve the time period needed to develop and issue an RFP for IT goods or services.

DIT concurs with the recommendation and has collaborated with DPMM and OCA on this agreed path, which is a work in process. It should be noted that due to the large and complex nature of some IT procurements, there may need to be additional deviations to any established standards based on a specific procurement and rapid changes in industry practices that must be considered, and this will not necessarily reduce sponsor agency or DIT resource assignments.

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**ACKNOWLEDGEMENT CERTIFICATION**

**Enhancement Opportunity**

**NEW ENHANCEMENT**

Our review revealed; in some cases, where required, OCA reviews and redlines contracts for negotiations. This process may contribute to the extended times to procure. We are aware that some statutory requirements preclude OCA from approving contracts that do not comport with Virginia law. This endeavor would streamline the procurement process and reduce the negotiation time.

**Recommendation**

We recommend that consideration is given to creating **An Acknowledgement Certification** including terms and conditions that comport with statutory requirements. This document could be inserted in the procurement process when and where deemed appropriate by OCA.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Elizabeth Teare (County Attorney)	February 28, 2019	<a href="mailto:Elizabeth.Teare@fairfaxcounty.gov">Elizabeth.Teare@fairfaxcounty.gov</a>
Cathy Muse (Director, DPMM)		<a href="mailto:Cathy.Muse@FairfaxCounty.gov">Cathy.Muse@FairfaxCounty.gov</a>

**MANAGEMENT RESPONSE:**

DPMM supports the new enhancement recommendation and will research best practice methods used by the Virginia Information Technologies Agency and other peer organizations with the objective of streamlining the negotiation process of mandatory (non-negotiable) terms and conditions.

OCA supports the new enhancement recommendations and will draft an Acknowledgment Certification with input from DPMM and relevant agencies as appropriate.

DIT notes that flexibility will need to be applied so that this provision does not summarily limit market place solutions that should be considered through the competitive process.

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**COUNTY OWNED LAND STUDY**

**OVERVIEW AND UPDATES**

The results of this study may not highlight all of the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled **timeframe, and overall organization's data-mining results**. The execution of **OFPA's studies** are facilitated through various processes such as; sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. There are several types of studies performed by OFPA, e.g.; operational, financial, compliance, internal controls, and etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

The purpose of this study was to assess the BOS County Owned Land records for existence (*recorded value and physical count*). This included (***but not limited to***) assessing County Owned Land recognition practices, reconciliation practices between agency tracking and FOCUS and the County Owned Land valuation process. We worked with the Facilities Management Department (FMD), the Department of Taxation (DTA) and DOF for this study.

We obtained several sources of data from FMD, DTA and DOF. DTA provided an extract of BOS County Owned Land from iCare (DTA Land Records Database). This database is managed by the DTA Real Estate Division, but FMD is responsible for keeping track of the inventory of land within iCare. The iCare database is populated with information provided by the Fairfax County Circuit Court. The Circuit Court provides the necessary data for each BOS County Owned Land Parcel to DTA. DTA staff then enters this information for each parcel into iCare. Information provided includes; original historical costs, acreage, buyer of land, and several other attributes. Staff receives updates of acquired County Owned Land from the Circuit Court. DOF is responsible for tracking the BOS County Owned Land and historical costs in the capital assets database within FOCUS and reporting the total historical value of land in the Comprehensive Annual Financial Report (CAFR). BOS County Owned land and easements are reported together in the CAFR. Below is a five-year comparison of the reported CAFR Land & Easements figures:

Comparison of CAFR Reported Land & Easements (FY2013-FY2017)		
FY	Amount	Difference from Previous FY
2017	\$ 420,492,897.00	\$ 1,555,978.00
2016	\$ 418,936,919.00	\$ 2,644,785.00
2015	\$ 416,292,134.00	\$ 953,760.00
2014	\$ 415,338,374.00	\$ (4,680,246.00)
2013	\$ 420,018,620.00	\$ 610,034.00

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GASB 34 guidance is, County Owned Land should be recorded in the County's books at historical cost.<sup>1</sup> When performing our testing, we verified that the land values were recorded accordingly. A sample of 30 County Owned Land parcels from the DTA list were selected to perform the substantive testing. Our testing of BOS County Owned Land included; ensuring the deeds were maintained, historical costs reconciled to FOCUS and recorded acreages reconciled to FOCUS. Please refer to the substantive testing results in **Appendix C**. We also performed reviews of the two extracts of BOS County Owned Land from iCare and FOCUS. These lists were reconciled against each other with regards to the number of recorded parcels to identify any missing items, if applicable. While performing reviews of the two extracts of BOS County Owned Land provided we noted differences in the number recorded in iCare and FOCUS. These lists were reconciled which resulted in the differences highlighted below in the report.

**OBJECTIVES AND RESULTS**

Business Objectives	Study Assessments
Management of BOS County Owned Land	Needs Improvement
Tracking of BOS County Owned Land	Needs Improvement
BOS County Owned Land Historical Costs Recorded in FOCUS	Needs Improvement
Historical Record Documentation	Satisfactory

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"><li>No anomalies identified during the review of historical records (e.g. deeds).</li></ul>	<ul style="list-style-type: none"><li>Several land parcels recorded in the FOCUS inventory were identified as not being owned by the County and/or BOS.</li><li>BOS parcels identified not in FOCUS.</li><li>Differences in historical costs between FOCUS and Circuit Court land records.</li></ul>

**OBSERVATIONS AND ACTION PLANS**

The following table(s) detail observation(s) and recommendation(s) from this study along with management's action plan(s) to address these issue(s).

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<sup>1</sup> NO. 171-A JUNE 1999 Statement No. 34 of the Governmental Accounting Standards Board

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**MANAGEMENT OF BOS COUNTY OWNED LAND**

**Risk Ranking**

**MEDIUM**

OFPA performed a reconciliation of the BOS County Owned Land recorded in FOCUS to a file in iCare. **58** parcels were identified in FOCUS but not iCare. These **58** parcels were provided to FMD whereby management reverted with determinations as to why the parcels were not listed in iCare. The results are as follows:

- 5 parcels recorded by DOF as BOS County Owned Land are parcels owned by the Park Authority.
- 16 parcels require status determinations.
- 3 parcels, land swap.
- 2 parcels could not be identified utilizing the Tax Map Number and Acreage.
- 7 parcels were donated.
- 12 parcels of land reflected incorrect Tax Map Numbers on DOF file.
- 3 BOS County Owned Land in Fairfax City (*These parcels are not recorded in iCare as they are in Fairfax City and not taxed by the County*).
- 6 parcels incorporated into highways, roads of other properties.
- 2 parcels FMD, questioned whether or not County Funds were used.
- 2 parcels were partially owned by BOS but not reflected in FMD files.

These results of the 58 parcels were provided to DOF for further review. The table below is a summary of the DOF responses for these respective parcels:

Category	DOF Analysis of Land Recon / FOCUS Not In iCare
Owned by Park Authority (5 Parcels)	Requires research to identify when the transactions were transferred to Parks. (In Fiscal year 2013, we worked with FCPA and developed a much more rigorous process to identify and coordinate these inter-entity land transfer transactions.)
Requires Status Determination (28 Parcels)	Transportation items may need descriptive information updates or the removal of the tax ID for better identification (assuming those identifiers are no longer valid), but these actions will not be planned until we have finalized our treatment decisions and initiate implementation. Transportation Land is recorded in DOF's CAFR.
Incorrect Tax Map No. (17 Parcels)	Asset records that likely need tax map ID updates, or changes to descriptive information.
Cleared by DOF (4 Parcels)	One parcel is Capital Asset associated with lease not on iCare. The other three parcels are in Fairfax City but BOS owned. As these parcels are in Fairfax City, they are not in in the County's tax records.
Category TBD (4 Parcels)	Requires additional information researched to reach a determination if any action is needed.



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**Recommendation**

OFPA recommends that DOF review the remaining 54 of the 58 identified items and address the issues for each parcel (e.g. remove parcel from FOCUS inventory, update Tax Map Number, and update recorded historical costs). But for this review, these parcels of land remained unreconciled.

DOF is working with FBSG to research these items to make determinations of the treatment in the County records. ***Finalized results will be presented as part of the bi-annual follow up reporting.***

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Chris Pietsch (DOF Director) Richard Modie (DOF Chief of Financial Reporting)	June 30, 2018	<a href="mailto:Christopher.Pietsch@fairfaxcounty.gov">Christopher.Pietsch@fairfaxcounty.gov</a> <a href="mailto:Richard.Modie@fairfaxcounty.gov">Richard.Modie@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

Department of Finance concurs with the recommendation to research and update these items accordingly.

There has been a long-running effort to update the historical capital asset records for not only land but all classes of assets that reside in the FOCUS system with information that may not have been captured in the previous asset systems utilized by the County. Land acquisition is often associated with large multi-year capital projects that can present a variety of challenges, there have been periods where multiple parcels may have been recorded as a single asset, and changes to the tax map identifiers were not captured in the capital asset records. The length of time many of these assets have been in the county records means these changes could have occurred multiple times as the county developed and evolved. These are factors that make the research and resolution of these items a challenging and time consuming process.

In 2017, the Department of Finance began reviewing the practices that have been in place since the implementation of GASB 34 with regard to transportation (road) projects and associated transportation assets. Research and update of the transportation related items will be deferred and undertaken as a part of that effort, so that any updates to these assets will be aligned with the decisions made in association with the review. This appears to apply to all 28 items noted as requiring status determination. We feel it is important to note that many of the land assets in the County records pre-date GASB 34 guidance as well as the systems and processes currently in place. There are processes currently in place for current transactions and periodic reviews made to identify items requiring update in the year changes occur.

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**TRACKING OF BOS COUNTY OWNED LAND**

**Risk Ranking**

**MEDIUM**

OFPA performed a reconciliation of the BOS County Owned Land recorded in iCare to a similar file from FOCUS. **358** parcels were recorded in iCare and not FOCUS. These **358** parcels were forwarded to DOF for management to review. DOF management reverted that there are several reasons as to why these parcels ***might not*** be recorded in FOCUS (e.g. value is <\$5k, parcel transfers, parcels could have been disposed, etc.). DOF is currently working with FBSG to perform research and reconcile the parcels identified by our office. DOF has identified **210** of the parcels as having ***historical costs <\$5k*** and therefore are not recorded as a capital asset. This assertion coincides with County Policy.<sup>2</sup> DOF is considering the appropriateness of the policy given ownership status, e.g. these parcels are owned by the County.

As historical costs are not required to be captured in iCare, not all values were listed on the extract provided. Therefore, the dollar magnitude for these unidentified parcels in FOCUS could not be extrapolated. To that end; this review was performed for count and existence in the record of the County.

**Recommendation**

OFPA recommends that DOF review the remaining **148 of the 358** parcels identified and address any issues (e.g. remove parcel from FOCUS inventory, update Tax Map Number, update recorded historical costs, and any other relevant data). Further to this process, consideration should be given to DOF reconciling its records to the Circuit Court records. But for this review, these parcels of land remained unreconciled. We recommend that this review process is performed on a periodic basis with existing staff levels to evaluate and restate data relevant to the land parcels. Any lessons learned should be utilized to identify and close any process gaps. ***Finalized results will be presented as part of the bi-annual follow up reporting.***

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Chris Pietsch (DOF Director)	June 30, 2018	<a href="mailto:Christopher.Pietsch@fairfaxcounty.gov">Christopher.Pietsch@fairfaxcounty.gov</a>
Richard Modie (DOF Chief of Financial Reporting)		<a href="mailto:Richard.Modie@fairfaxcounty.gov">Richard.Modie@fairfaxcounty.gov</a>

<sup>2</sup> Accounting Technical Bulletin No. ATB 50010 / Capital Assets (Fixed Assets)

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**MANAGEMENT RESPONSE:**

Department of Finance concurs with the recommendation to research and update these items accordingly. It should be noted as a result of this research, additional items could be identified as below the capitalization threshold.

As noted in the previous response, there are processes currently in place to review current transactions and periodic reviews are made to identify items requiring update in the year changes occur; however, the vetting and update of the descriptive details included in older records is on-going effort. Some of the items to be researched in this area correspond to items noted in the prior observation.

These are long lived assets, and the Generally Accepted Accounting Principles (GAAP) guidance and recommended best practices that apply today did not apply when the assets were recorded. In most cases such changes are applied on a prospective basis. In addition, capital asset activities are an area scrutinized annually as part of the Financial Audit by the County's external auditors and our current procedures and controls have been designed to address the challenges that had been identified during our data cleansing/update efforts.

We would also note that the information maintained in iCare is associated with the property for tax assessment and may include purchase/sales information, but this is not all that is considered when determining the amount to be capitalized in accordance with GAAP. Often there will be additional costs or other factors that need to be applied which could increase or decrease the value used when recording in the asset system. The external auditors review these transactions during the annual (external) audit and the amounts recorded are not generally revisited or changed in future periods.

We also note that the current capitalization policy is appropriate in accordance with GAAP. Reviewing the capitalization threshold is an upcoming finance project and exploring the exclusion of land from the limits is one of the items that is planned for consideration.

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**BOS COUNTY OWNED LAND HISTORICAL COSTS RECORDED IN FOCUS**

**Risk Ranking**

**MEDIUM**

Differences exist in the recorded historical costs for BOS County Owned Land between the Circuit Court Land Records and DOF (FOCUS). The differences for the total population of BOS County Owned Land are not available. We provided a sample of five parcels for research by DOF. The differences identified for the sample is **\$2,274,920**. DOF has provided supporting documentation for one of the parcels which addresses **\$1,738,000**, this difference is related to the partial transfer of a parcel to the Park Authority. The remaining unreconciled balance is **\$536,920**.

DOF is in the process of researching/reconciling the differences in recorded historical costs for the remaining parcels. As historical costs are not required to be captured in iCare, not all values were listed on the extract provided. Therefore, the dollar magnitude for these unidentified parcels in FOCUS could not be extrapolated.

**Recommendation**

As part of the records review between FOCUS and Circuit Courts (*mentioned in the above observation*), the update of relevant data should include validation of historical costs. Consideration should be given to performing this process under the same parameter as mentioned above, e.g. performed at the frequency and quantity deemed feasible utilizing the existing staff. Any lessons learned should be utilized to identify and close any process gaps. ***Finalized results will be presented as part of the bi-annual follow up reporting.***

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Chris Pietsch (DOF Director) Richard Modie (DOF Chief of Financial Reporting)	June 30, 2018	<a href="mailto:Christopher.Pietsch@fairfaxcounty.gov">Christopher.Pietsch@fairfaxcounty.gov</a> <a href="mailto:Richard.Modie@fairfaxcounty.gov">Richard.Modie@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

The Department of Finance has identified the reason for the “unreconciled balance” of \$536,920 as follows:

- \$507,986 as structures that were on the properties and therefore should not be recorded as land assets (3 items);
- \$28,934 of ancillary costs that were capitalized in association with the land (1 item).

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DOF will continue to work on providing support for these items, recognizing that documentation may be difficult to obtain as a number of these transactions originated in excess of 20 years ago.

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**BUSINESS, PROFESSIONAL AND OCCUPATIONAL LICENSES (BPOL) STUDY**

**OVERVIEW AND UPDATES**

The results of this study may not highlight all of the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled timeframe, and overall organization's data-mining results. The execution of OFPA's studies are facilitated through various processes such as; sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. There are several types of studies performed by OFPA, e.g.; operational, financial, compliance, internal controls, and etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

The purpose of this study was to assess the revenue recognition and accounting control practices related to the BPOL process. This included (**but not limited to**) an assessment of cash handling, accounting & revenue recognition, effectiveness of the renewal process and BPOL remittances. OFPA worked with DTA to perform this study. BPOL licenses are required for all businesses operating within Fairfax County and must be renewed each year. DTA issues BPOL renewal notices in January of each year to businesses that have previously been issued a license. Businesses must submit their BPOL Application, payment and other required documents (*if applicable*) by March 1 of each year or they will be subject to late fees. New businesses in Fairfax County must apply and pay for their **BPOL license within 75 days of beginning business operations**. Businesses are required to pay either a flat fee or a calculated rate based on their gross receipts/purchases from the previous year. DTA has provided the below information which details how businesses determine the respective fees due:

BPOL FLAT FEES AND RATES
<b><i>Businesses with gross receipts/purchases of \$100,000 or less pay a flat fee, as follows:</i></b>
-There is no fee for businesses with gross receipts/purchases of \$10,000 or less.
-For businesses with gross receipts/purchases of \$10,001-\$50,000, the fee is \$30.
-For businesses with gross receipts/purchases of \$50,001-\$100,000, the fee is \$50.
-If gross receipts/purchases are \$100,001 or more, then the BPOL tax rate applies. The tax rate varies based on the nature of the business and is specified in the BPOL Ordinance ( <i>Fairfax County Code Section 4-7.2</i> )

BPOL licenses are not issued to businesses until the applications and payments have been received by DTA. As per DTA, the systems utilized for the BPOL process are INovah (*DTA internal BPOL database*) and FOCUS. INovah does not interface with FOCUS therefore manual entry of BPOL data into FOCUS is performed by DTA staff daily. As part of our substantive testing, we reviewed to ensure that our selected samples recorded in INovah reconciled to the data entered in FOCUS.

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To facilitate this study, OFPA obtained several sources of data from DTA. This data included; extracts from INovah, supporting documentation for selected samples, BPOL policies and regulations, BPOL monthly reconciliations, BPOL provisioning documentation, BPOL aged receivables and etc. As per County Counsel and DTA, all Personally Identifiable Information (PII) was required to be redacted from all data submitted to OFPA due to Code of Virginia – Secrecy of Information/Penalties (Effective January 15, 2018)<sup>3</sup>. The period of review for this study was FY 2015 – FY 2016.

Substantive testing was performed by utilizing the above-mentioned data provided by DTA. We selected several samples for review to include; 70 BPOL Remittances, aged receivables for three years, three monthly reconciliations and 10 cashier daily transactions for substantive testing. An additional 45 random businesses were selected for BPOL license issuance testing. The results of the substantive testing can be found in **Appendices D-F**. OFPA also interviewed DTA staff on several occasions during this study to discuss processes and procedures related to BPOL to obtain an understanding of these operations performed.

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<sup>3</sup> Va. Code § 58.1-3

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**OBJECTIVES AND RESULTS**

<b>Business Objectives</b>	<b>Study Assessments</b>
Integrated Tax and Finance Systems	<b>Needs Improvement</b>
BPOL License Monitoring and Issuance	<b>Needs Improvement</b>
BPOL Refund Process	<b>Satisfactory</b>
Cash Handling	<b>Satisfactory</b>
Provisioning of Aged Receivables	<b>Satisfactory</b>
BPOL Remittances	<b>Satisfactory</b>
BPOL License Renewal Process	<b>Satisfactory</b>

<b>Control Summary</b>	
<b>Good Controls</b>	<b>Weak Controls</b>
<ul style="list-style-type: none"> <li>• Three levels of review are performed prior to a Director's sign-off on refunds.</li> <li>• Cash handling/collection/recognition processes reconcile and vouch without errors.</li> <li>• Provisioning of BPOL Aged Receivables were performed utilizing current balances and provisioning matrix.</li> <li>• For items tested, BPOL remittances were received prior to BPOL license issuances.</li> <li>• Based on data provided by DTA, BPOL renewal process is ~95% effective.</li> </ul>	<ul style="list-style-type: none"> <li>• INovah (DTA System) not Interfaced with FOCUS.</li> <li>• Local businesses compliance with BPOL licensure monitoring and issuance process could be enhanced.</li> </ul>

**OBSERVATIONS AND ACTION PLANS**

The following table(s) detail observation(s) and recommendation(s) from this study along with management's action plan(s) to address these issue(s).



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**INTEGRATED TAX AND FINANCE SYSTEMS**

**Risk Ranking**

**MEDIUM**

A notable item of this review was the data entry process between INovah and FOCUS for BPOL for payments, refunds, business information, and etc. We are aware of a new tax system launch (Tax PP) coming in 2018 to replace INovah.

**Recommendation**

If not already included in the scope of work of the project (Tax PP) implementation, consideration should be given to working with DIT to interface the (Tax PP) with FOCUS to reduce uploads and/or manual data entries. While our review of three reconciliations between INovah and FOCUS did not reveal errors, this is a recommendation for process enhancement if feasible.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Jay Doshi (DTA Director)	June 30, 2019	<a href="mailto:Jay.Doshi@fairfaxcounty.gov">Jay.Doshi@fairfaxcounty.gov</a>
Juan Rengel (DTA Division Director)		<a href="mailto:Juan.Rengel@fairfaxcounty.gov">Juan.Rengel@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DTA and DIT concur with the recommendation and have, prior to the audit study, placed the TaxPP/FOCUS interface amongst the priorities for next phase's enhancements for TaxPP modernization. We are targeting Mid- CY 2019 for implementing the interface, given no other business changes that will need to supersede this work that necessitate modifications to TaxPP such as mandates or rate changes from legislative or other statutory requirements.

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**BPOL LICENSE MONITORING AND ISSUANCE**

**Risk Ranking**

**MEDIUM**

OFPA performed a review of **45** randomly selected businesses operating within Fairfax County. Tests were performed to assess if BPOL licenses had been issued to these businesses. At the beginning of this study, DTA provided a list of businesses that had been issued BPOL licenses. We utilized this list of issuances to compare to our selected sample. For validation purposes, we provided the sample to DTA to confirm whether these businesses had received current BPOL licenses. Based on the information provided by DTA, **15 out of 45 (or 33%)** of businesses were not required to have BPOL licenses. A post-review reconciliation performed by DTA revealed **1 out of the 15 (or 0.07%)** originally identified businesses were operating without a BPOL license. The remaining **14** originally identified businesses had either seized operations, short-term leases, or were daycare providers in residential homes with annual gross receipts less than \$10k. Businesses with receipts less than \$10K are not required to obtain BPOL licenses. Please refer to **Appendix F** for testing results.

**Recommendation**

OFPA recommends that DTA augment the current practices utilized to identify unlicensed businesses with enhancements such as incorporating the use of external databases for comparative analysis. Some examples of these suggested databases are; Chamber of Commerce, Dun & Bradstreet, Better Business Bureau or other sources deemed appropriate. Consideration should be given to performing this process utilizing electronic mechanisms e.g. file matching utilizing vLookups. While we are aware that DTA staff (business tax specialists) are assigned areas of the County to search for new businesses that have not yet registered, we recommend this process be enhanced based on the above-mentioned approach. This process could be performed at the frequency and quantity deemed feasible utilizing the existing staff. Lessons learned could then be employed to refine the process to a state of diminishing returns or continued if needed.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Jay Doshi (DTA Director) Juan Rengel (DTA Division Director)	January 31, 2020	<a href="mailto:Jay.Doshi@fairfaxcounty.gov">Jay.Doshi@fairfaxcounty.gov</a> <a href="mailto:Juan.Rengel@fairfaxcounty.gov">Juan.Rengel@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

DTA has been exploring the option of using advanced analytics and linking technology that could help us in the discovery of unregistered businesses that are not in our system and merit further investigation. Assuming funding can be appropriated, we anticipate having this solution in place by FY20.

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**STATUS REPORT FOR PRIOR PERIOD RECOMMENDATIONS  
(In Progress)**

IN PROGRESS				
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response
<b>September 2017</b>	FCDOT Aged Cash Proffer Balances (FCDOT)	OPFA staff recommends that FCDOT staff review and validate the aged cash proffer balances presented during this study. Determinations should be made, if these items are no longer supported by projects or programs. Upon completion, efforts should be made to work with the appropriate agency to reverse the entries and/or release unsupported funds as appropriate. As this process may address management accounting issues only, additional consideration must be given to whether these funds may be allocated to other projects or remitted to the Commonwealth Transportation Board. OPFA recommends that FCDOT execute a process to review and clean-up aged proffer balances in accordance with the County Attorney's advice.	June 30, 2019	<p>FCDOT concurs with OPFA's recommendation that a review and clean-up process should be established in consultation with the County Attorney's Office. FCDOT concurs with OPFA's recommendation and will consult with OCA to reallocate proffer funds that cannot be expended for their intended purpose, in accordance with state law. After FCDOT, in consultation with OCA, finalizes a policy and secures Board approval, FCDOT will begin from the oldest balances to the newest. It is projected that this effort can be completed by the end of FY 2019, if a process can be adopted by the end of FY 2018.</p> <p>Ongoing. We are still investigating old proffers. We are also receiving additional transfers of older proffers from LUS as a result of their clean-up process. When ready, OCA will be consulted and a process will be developed and implemented to reallocate any remaining old proffers.</p>
<b>September 2017</b>	FCDOT Cash Proffer Internal Tracking (FCDOT)	OPFA recommends that efforts are made to complete cash proffer statuses on the internal tracking spreadsheet <i>(going forward)</i> utilized by FCDOT for management and oversight of these items.	June 30, 2019	<p>FCDOT concurs with OPFA's recommendation, and will update the status of all proffers as part of its comprehensive review. In the future, this information will be included for new proffers when payments are received. FCDOT has worked over the past several years to improve internal processes for tracking proffers, while continuing to address other transportation priorities. Improvements have been made and outstanding balances have been reduced. However, there is still a significant amount of work and research that needs to be done to ensure all existing and future proffers are tracked more closely.</p> <p>Ongoing. We have been including status on all proffers added to the tracking sheet since September 2017. We are still working on investigating old proffers and updating their status.</p>
<b>September 2017</b>	FCDOT Cash Proffers Management/Oversight (FCDOT)	A review and validation of the documentation for each aged cash proffer and the balances should be performed. OPFA recommends that FCDOT staff develop and implement a documented (and consistently executed) process whereby aged FCDOT proffer balances that remain on the FCDOT cash proffer list without disbursement activity are reviewed (based on a timeframe as deemed appropriate by FCDOT management, e.g. every three years).	June 30, 2019	<p>FCDOT agrees with OPFA and will implement a Standard Operating Procedure (SOP) to improve tracking and spending of proffer funds through regular review, allocation to projects, or reallocation in accordance with state law. FCDOT is currently conducting a review of proffers as explained in the response to OPFA's first recommendation in this report.</p> <p>FCDOT will establish the SOP by the end of FY 2018 and all proffers will be reviewed by the end of FY 2019. The frequency of on-going reviews will be determined during the development of the SOP.</p> <p>FCDOT is in the process of filling a vacant position that will assist with this effort. Development of the SOP will begin this Spring. Review of all proffers is ongoing, and tracking tables are being updated appropriately.</p>

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IN PROGRESS (CONTD)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
<b>September 2017</b>	FCDOT Cash Proffers Close-Out Procedures (FCDOT)	We recommend FCDOT staff collaborate with DOF, to develop a documented <b>(and consistently executed)</b> close-out process for cash proffers. <b>As this process is being implemented based on prior quarter's reviews for other agencies, we also recommend that FCDOT and DOF leverage off of that project to address this recommendation.</b>	June 30, 2019	FCDOT agrees with OFPA and will develop a clearly defined and documented proffer close-out procedure in consultation with DOF (and potentially other agencies) to standardize a close-out procedure for the proffer management system.	FCDOT will contact DOF for a point of contact and begin working on this once the proffer position in FCDOT is filled.
<b>September 2017</b>	Court Case Status Tracking to Inventoried Property (FCPD)	OFPA recommends that FCPD implement a tracking mechanism to timely capture court case status for respective inventoried properties. We are aware that FCPD is currently exploring system enhancements which could provide opportunities in designing system tools not available in the current computing environment. Additionally, while FCPD staff performs periodic reviews at the main property room, these review results should be utilized to liaise with the respective evidence officers (on a sample rotating basis) to determine if any evidence can be disposed, released, sold, or remain as evidence.	April 30, 2018 (Updated)	As noted by OFPA, FCPD is in the process of implementing new evidence management software as part of its replacement of I/LEADS as its records management system. Property & Evidence Section personnel are still working with the new vendor, Quetel, in the development and customization of the software to meet its needs. This includes enhanced, automated notifications and communications regarding the status of items. This project is well underway with anticipated completion of the new property and evidence module by the end of CY2017. It should be noted that one gap in our current procedures is related to a limitation of the I/LEADS software. If an officer changes the status of an item to releasable or for disposal, I/LEADS captures the date and time the officer made the status change. However, if the officer determines the item needs to be kept I/LEADS does not capture the review date and time. The new evidence management software from Quetel will date/time stamp the record when the officer reviews the item and must indicate the items needs to be kept and provides the reason why. The Property & Evidence Section produces a list quarterly of items by officer by station/division for approximately one fourth of the Department. The lists are disseminated by the Commander of the Resource Management Bureau through the chain of command to the affected commanders for distribution within their respective stations/divisions. Instructions are provided directing officers to review and update each item's record status shown assigned to them. A completion due date is also given to this process known as "purging" within law enforcement. Multiple resources are provided to assist officers completing this task.	Evidence TraQ, the Quetel software specifically for the Property & Evidence Section, is ready to deploy and go live pending coordination with the new Records Management System (RMS) Project Team. Test environment results using static transferred data from I/LEADS were very positive using Evidence TraQ. Legacy records from the BEAST evidence management software has also been transferred to Evidence TraQ and managed with no problems. All new features and expected outcomes have been met. Final preparation to go live is underway and expected to occur late winter/early spring 2018.
<b>September 2017</b>	Security Cameras & Coverage (FCPD & DIT)	OFPA supports the recommendation whereby FCPD staff collaborate with DIT and FMD staff to network (main and district stations) security cameras. This could enhance the effectiveness of monitoring the activity at the property rooms should any issues arise.	September 30, 2017 <b>(Based on response from FCPD)</b>  June 30, 2018 <b>(Based on response from DIT)</b>	All other work has been completed and the camera systems are working, but only viewable onsite. FCPD has the viewing software ready for installation on select computers. DIT's assistance is needed to network the locations through the County network so the viewing software can acquire and process their data. Initial contacts have been made between the Property & Evidence Section and FCPD's IT Bureau and County DIT. The points of contact for each entity have been identified. Coordination of schedules and a site visit by DIT has been scheduled. It is anticipated this task will be completed by September 30, 2017.  DIT supports the recommendation for networking the security cameras, and is working with the Police Department and Facilities Management Department to organize the scope and logistics, and implementation plan.	Progress continues as described by DIT's projected completion date of June 30, 2018. Additional infrastructure needs and network tasks were identified last fall. They are underway and must be completed before the remote locations can be mapped and viewed from central locations. Data is still secure, available, and viewable at each storage site.

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IN PROGRESS (CONT'D)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
June 2017	FCPA Aged Cash Proffer Balances (FCPA)	<p>OFPA staff recommends that FCPA staff review and validate the aged cash proffers balances presented by OFPA during this study. FCPA should analyze these items to determine whether they may be used to support projects or programs. Upon completion, efforts should be made to work with DOF or appropriate agencies to reverse the entries and/or release unsupported funds as appropriate. As this process may address management accounting issues only, additional consideration must be given to whether these funds may be used on other projects or whether they must be returned and/or escheated.</p> <p>The County Attorney will advise FCPA related to the use of funds and other issues which impact proffers as County staff execute a review and clean-up process. OFPA recommends that FCPA staff engage DOF staff to facilitate the review and clean-up process in accordance with the County Attorney's advice, if needed.</p>	June 30, 2018	<p>The FCPA has significant funding needs and welcomes assistance and guidance from the County on utilizing these funds on other projects. FCPA will review and enhance its SOP and actively consult with DOF and OCA on appropriate utilization of cash proffers. The FCPA SOP will be reviewed and revised by the end of FY 2018 to ensure cash proffers are properly utilized.</p>	Data validated and documentation searched for in LDS files. Sent aged proffers and documentation to OCA for direction.
June 2017	Cash Proffer Internal Tracking (FCPA)	<p>OFPA recommends that efforts be made to complete cash proffer receipt dates on the internal tracking spreadsheet utilized by FCPA for management and oversight of these items. OFPA's review of this tracking spreadsheet provided by FCPA revealed 80 aged items. The total Remaining Balances for these items was \$2,539,345. As this information was obtained by a review after the receipt of the missing dates on the spreadsheet, OFPA asserts this information is critical to the tracking and oversight of these items.</p>	June 30, 2018	<p>The Park Authority (FCPA) will work closely with the Office of the County Attorney (OCA) to determine how best to utilize balances. The FCPA's existing Standard Operating Procedure on Proffers (SOP) will be reviewed and a process will be in place by the end of FY 2018 to resolve outstanding balances.</p>	Proffer process updated. Aged proffers for \$1.4 million approved for redirected use by BOS. Sent other aged proffers with questions on re-use to OCA.
June 2017	Commingle Construction Financing Instruments (LDS)	OFPA recommends LDS endeavor to enhance processes whereby the original recording (in the GL and agency internal tracking) of construction financing instruments reflect the correct posting. Processes should be employee to review misclassification and controls put in place to eliminate input errors. This process has been discussed and reviewed with DOF. DOF concurs with this recommendation.	July 31, 2018 (Updated)	<p>LDS is committed to correctly posting transactions when the original recording is made. Misclassifications are corrected when discovered during a reconciliation process. Procedures will be revised as appropriate with the goal of strengthening internal controls. Policies have been developed to clearly distinguish proffers from future construction types of transactions.</p>	1/5/18 - LDS Financial Management Branch is currently reviewing and updating all processes to ensure accuracy and appropriate speed in posting all transactions. Internal SOPs are being updated and additional resources have been made available to perform regular QA and to assist in monthly close-out reconciliations.



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IN PROGRESS (CONT'D)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
June 2017	LDS Aged Future Construction Escrow Balances (LDS)	<p>OFPA staff recommends that LDS staff review and validate the aged future construction escrow balances presented by OFPA during this study. LDS should analyze these items to determine whether they may support projects or programs. Upon completion, efforts should be made to work with DOF or other appropriate agency to reverse the entries and/or release unsupported funds as appropriate. As this process may address management accounting issues only, additional consideration must be given to whether funds may be used on other projects or whether they must be returned and/or escheated.</p> <p>The County Attorney will advise LDS related to the use of funds and other issues which impact escrows as County staff execute a review and clean-up process. OFPA recommends that LDS staff engage DOF staff to facilitate the review and cleanup process in accordance with the County Attorney's advice, if needed.</p>	July 31, 2018 (Updated)	<p>In consultation with the County Attorney's Office, LDS will establish an internal procedure for managing future construction balances. Subsequent to that, a plan of action to carry out that policy will be created and monitored by LDS management. The oldest aged construction balances will be handled first, working towards less aged construction balances.</p>	<p>1/5/18 - LDS has worked closely with OCA to establish a policy for aged future construction escrows. Some questions related to defining aged balances and de minimis value of future construction escrows are being posed to the Board of Supervisors. LDS (with the support of OCA) is recommending that all escrows that are less than 12 years old, or greater than \$5,000, or fall into an exemption category (Chapter 2 roads, landscaping, streetlight conversions, and trees) continue to be held by LDS.</p> <p>For the escrows that do not meet any of these criteria, LDS is recommending that 602 escrows totaling \$1,031,910 be escheated back to the state, following the procedures for reporting unclaimed property.</p> <p>Going forward, LDS is proposing that all escrows continue to be reviewed and held current and that future agreements include some flexible language that would allow future construction escrows that are unclaimed be used for similar purposes as the original agreement stipulated in the same vicinity.</p> <p>Research has been completed and is being reported out to the BOS. LDS is submitting solutions to BOS for guidance on definitions of aged and material threshold for what should be escheated.</p>
June 2017	Aged Bond and Conservation Escrow Balances (LDS)	<p>OFPA staff recommends that LDS staff review and validate the aged bond and conservation escrow balances presented by OFPA during this study. LDS should analyze these items to determine whether they may support projects or programs. Upon completion, efforts should be made to work with DOF or other appropriate agency to reverse the entries and/or release unsupported funds as appropriate. As this process may address management accounting issues only, additional consideration must be given to whether funds may be used on other projects or whether they must be returned and/or escheated.</p> <p>The County Attorney will advise LDS related to the use of funds, and other issues which impact escrows as County staff execute a review and clean-up process. OFPA recommends that LDS staff engage DOF staff to facilitate the review and cleanup process in accordance with the County Attorney's advice, if needed.</p>	July 1, 2018	<p>LDS and the County Attorney's Office will establish a Fairfax County internal procedure for managing Bond and Conservation Escrow balances. Subsequent to that, a plan of action to carry out that policy will be created and monitored by LDS management. The oldest aged construction balances will be handled first, working towards less aged construction balances.</p>	<p>1/5/18 - LDS worked with OCA on appropriate procedures for handling aged bond and conservation balances. As a result, we will be escheating all aged bond and conservation balances back to the state following the procedures for reporting unclaimed property.</p>
June 2017	Aged Escrows Management/Oversight (LDS)	<p>OFPA staff recommends that LDS staff develop and implement a process whereby aged escrow balances that remain on the County's books are reviewed (based on a timeframe as deemed appropriate by LDS management, e.g., every three years) to identify whether the funds can be utilized as earmarked, deployed to other projects, returned to the developer, and/or escheated, as appropriate. This initiative should assist staff in reducing the number and amount of aged balances ongoing.</p>	July 1, 2019	<p>LDS is committed to review aged escrow balances, beginning with the oldest balances and working towards the more recent balances with respect to future construction and conservation escrows (bonds do not have a similar timeframe). LDS will work from July 1, 2018, and complete its review by July 1, 2019, leaving only the most recent 15 years as outstanding.</p>	<p>1/5/18 - LDS worked with OCA on appropriate procedures for managing funds held as future construction escrows and bond and conservation escrows.</p> <p><b>Future Construction Escrows:</b> Going forward, future construction escrows will be mapped on a GIS layer to maximize the potential for their timely use. In addition, a revised future construction agreement will be used so that the county has more flexibility in assigning FCEs to related projects. Finally, LDS has committed to reviewing all aged FCEs greater than \$5,000 in a timely fashion. It is currently estimated that these reviews will take approximately 3,000 hours of staff time.</p> <p>Discussions are underway to determine if these resources can be identified to complete the review by July 1, 2019.</p> <p><b>Conservation Escrows:</b> Going forward, LDS will review all escrows on a monthly basis and will attempt to contact the grantor within 30 days of the escrow being marked as payable. If the grantor does not respond to LDS attempts to contact, then the process to escheat the unclaimed property back to the state will begin 12 months after the date of notification. For conservation escrows, the only option is to escheat to the state if the grantor cannot be found as those monies can only be used on site-specific erosion, sediment control, or landscaping requirements.</p>

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IN PROGRESS (CONTD)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
June 2017	LDS Unused Aged Cash Profiler Balances (LDS)	<p>OPFA staff recommends that LDS staff review and validate the aged cash profiler balances presented by OPFA during this study. LDS should analyze these items to determine whether they may be used to support projects or programs. Upon completion, efforts should be made to work with the DCF or other appropriate agencies to reverse the entries and/or release unsupported funds as appropriate. As this process may address management accounting issues only, additional consideration must be given to whether these funds may be used on other projects or whether they must be returned and/or escheated.</p> <p>The County Attorney will advise LDS related to the use of funds, and other issues which impact profilers as County staff execute a review and clean-up process. OPFA recommends that LDS staff engage DCF staff to facilitate the review and clean-up process in accordance with the County Attorney's advice, if needed.</p>	July 31, 2018 (Updated)	<p>LDS is working closely with the County Attorney's Office to prepare and implement a review process to resolve current and future aged profiler balances in accordance with applicable law. LDS concurs that aged cash profilers should be resolved promptly in a responsible, legal manner. LDS notes that some aged cash profilers may be planned for use. After LDS finalizes a policy and procedure in consultation with the County Attorney's Office, work will begin from the oldest balances to the newest.</p>	<p>1/5/18 - LDS has completed a detailed analysis of each aged profiler. Of the total 142 aged profilers (valued at \$2.9 million), 114 (valued at \$2.5 million) have been transferred to the intended recipients. OCA is currently working with LDS on the remaining 28 aged profilers (valued at \$400,000) to perform due diligence in contacting escrow grantors. As part of this research process (and going forward), the Board of Supervisors will be consulted on a case by case basis to provide input on where/how these profiler balances would be spent or reallocated through a Board action.</p> <p>The proposed policy (developed with OCA) will direct reviews twice per year and would ensure that unspent money would be spent or reallocated (by the Board) within 12 years, as prescribed by state law.</p>
June 2017	LDS Aged Cash Profilers Management/ Oversight (LDS)	<p>OPFA staff recommends that LDS staff develop and implement a process whereby aged cash profilers balances that remain on the County's books are reviewed (based on a timeframe as deemed appropriate by LDS management, e.g. every three years) to identify whether the funds can be utilized as set forth in the profiler language, deployed to other projects, returned to the developer or other payor, and/or escheated, as appropriate. This initiative should assist staff in reducing the number and amount of aged balances on-going.</p>	July 31, 2018	<p>LDS will implement a Standard Operating Procedure that will evaluate and begin the process of clearing funds from County accounts that are more than 15 years old, as appropriate. A work plan will be established that will annually identify cash profilers that are greater than 15 years old (as of January 1st of each year) with the goal to determine the outcome of each aged cash profiler.</p>	<p>The draft policy has been reviewed by OCA and is in the stages of being finalized. Highlights of this policy include the following:</p> <ul style="list-style-type: none"> <li>- At collection, all necessary research will be performed to determine functional purpose and intended recipient. LDS will also ensure recordation of owner contact information.</li> <li>- If the functional purpose becomes invalid and/or intended recipient cannot be identified/located, LDS will reallocate the funds and will coordinate with various county agencies to: <ul style="list-style-type: none"> <li>• Determine appropriate alternative improvements.</li> <li>• Ensure alternative improvements are within vicinity of the original intended purpose.</li> </ul> </li> </ul> <p>Any funds remaining in general fund will be earmarked for a specific purpose related to the original profiler intent, and will be re-evaluated on an annual basis. If not used within 12 years of the approval of the associated zoning case, LDS will release them to the owner.</p>
March 2017	Oversight of Fund Manager Fees (RAA)	<p>Validation of management and other fees is performed and request the fund managers remit all supporting documentation for assessed fund expenses.</p>	July 1, 2019	<p>RAA will enhance the existing fee based reconciliation process to include a more complex analysis of commingled fund fees through the use of software and / or applications designed to forecast expected charges based on fund data. We will ask that all fund managers deliver the data required for such analysis in a systematic way and with as much transparency as their infrastructure will allow. RAA will review forecasted charges against actual charges and address and remedy variances as soon as they are discovered. RAA will also review existing documentation of contractual charges for all fund managers in order to properly structure a forecast model for analysis. Based on the efforts already taken in this endeavor, RAA will execute the enhanced fee reconciliation for all funds July 1, 2018. RAA anticipates milestones every six months, beginning with systematic data delivery from fund managers coinciding with internal infrastructure design and deployment. There will be continuous validation on a sample basis until all funds have been integrated into the new process, and ultimately, the July 1st, 2019 deployment of the enhancement.</p> <p>Separately, Staff is exploring working with an external consultant to conduct a thorough analysis annually of a handful of commingled funds' audited financial statements. The goal would be to confirm management and incentive fees paid by the fund to the general partner, monitor the level of assets that the general partner redeems from the fund (if any), monitor the level of assets of the limited partnership itself, calculate fund expense ratios (on a best efforts basis), monitor instrument liquidity and monitor potential strategic investments made by the fund.</p>	<p>As of December 28th, 2017, RAA has received 100% all Investment Manager supporting documentation for assessed fund expenses for FY 2017 and is currently working through the 140+ statements. There will be more updates to this in the response due March 2018.</p>

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IN PROGRESS (CONT'D)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
<b>March 2017</b>	Review of Contracts by External/Internal Counsel (BAA)	Liaise with the procured external counsel (when on-boarded) to develop a process whereby reviews of fund manager contracts are performed for future and existing contracts.	(Updated) January 31, 2017	RAA's design of a complete and comprehensive strategic partnership risk mitigation process is underway. Legal review of new and existing contracts is a critical step in the on-boarding of fund managers as well as the review of those already utilized. RAA concurs with OFPA's recommendation and assessment and will work with the County Attorney's Office to procure external counsel by the calendar year end 2017, if not sooner. Once procured, RAA and legal counsel will build a thorough and comprehensive process of legal structure analysis, indemnification and all pertinent fiduciary constructs for investing with care.	The RFP has been completed and was narrowed down to 2 candidates. Interviews were conducted, with the final interview which took place December 20th, 2017. RAA has made a recommendation to the County's Attorney's Office who is preparing to check references and make a final determination of who the outside counsel will be. After that determination, a contract will be negotiated and a firm will be onboarded, hopefully by January 31st, 2018. This is 30 days after the original target implementation date. As soon as outside counsel has been onboarded, we will begin sending contracts to them for review, starting with the investments that have the most pressing legal concerns.
<b>March 2017</b>	BNV Mellon Transaction Report That Details Transactions By Category (BAA)	Liaise with the Custodian bank BNV Mellon to gain better transparency on the Transaction Detail Reports and to work with the external fund managers to submit accurate data to populate these reports.	July 1, 2018	RAA has already instructed Mellon how to change the way they are posting certain items like share redemptions that reflect the payment of management fees. RAA will request that Mellon modify existing methods of transaction posting (to the best of their ability) and will supplement the custodian's reports with additional detail, when possible. RAA will also continue to monitor and reconcile the custodian and fund manager data and action variances, with a target date of July 1st, 2018 for more robust and prolific reporting by the custodian and reconciliation process by RAA.	Reconciliation with the custodian is complete for all investments. RAA is currently collaborating with Mellon to enhance what they are posting and coordinating information from the investment management companies to Mellon. There will be more updates to this in the response due March 2018.
<b>June 2016</b>	Tracking/Reporting/Recording of Bad Debt & Accruals (Office of the Sheriff)	OFPA recommended the Office of the Sheriff's finance staff consider coordinating with DOF to develop procedures to account for bad debts in their AR process.	2/28/2018 (Updated)	Waiting confirmation of Bad Debt G/L number to utilize for write-offs from the Agency. This information should be forth coming shortly and the monthly Bad Debt review will be processed.	The Sheriff's Office has initiated all of their A/R procedures and have the monthly A/R Aging review process in full swing. With the exception of two items, (An MSNBC invoice and one ATE invoice, which are being adjusted this week), we have no invoices pass 30 days. Finance and the FCCUS business group have been instrumental in getting us a full aging report and adjustment procedures so we can maintain our monthly review process and collection efforts according to County guidelines. The procedures are being revised and will then be reviewed for approval.



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IN PROGRESS (CONT'D)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
<b>October 2015</b>	Non-Tax Accounts Receivable (DTA)	OFFA recommended the DTA work with FOCUS Business Support Group to develop complete system-generated AR aging reports using existing resources.	March 1, 2018 (Updated)	CSB is in the process of verifying account information on aging reports provided by the external business system Credible. DTA will provide a final review of the summary and detailed aging reports before implementation. DynaSys the external business system for SACC has generated a detailed aging report template, which is currently being reviewed by DTA and SACC. DTA and SACC will make necessary adjustments and report back to the vendor DynaSys. These aging reports will provide summary and detailed information for all current and outstanding accounts with unpaid balances.	FBSG has created a detailed aging report for agencies who use FOCUS as their business system of record. Currently, they are in the process of completing the summary part of the aging report. SACC is in the process of gathering documentation and reviewing the test sample accounts selected by DTA for verification purposes. Once the account detailed has been verified by the DTA representative it will be presented to DTA senior management for implementation approval. CSB's vendor Credible is having difficulty breaking out the insurance part of the bill, which is inflating the outstanding balances for DTA on the aging report. CSB is concerned the vendor may not be able to provide a report without the insurance balances. The report for CSB may be on hold until a new system is implemented.
<b>October 2015</b>	Records Management (DIT)	OFFA recommended the Archives and Records Management Branch implement a formal compliance review program that accurately reflects the Virginia Public Records Management Manual.	January 31, 2018	1. <b>Phase one:</b> Pilot Review of a mid-size agency (Clerk to the Board of Supervisors) was completed in 2017. 2. <b>Phase two:</b> The original goal of four to six compliance reviews per year needs to be adjusted due to normal staff capacity, current vacancies, and, based on the pilot experience, the actual timeframe required to complete the audit process. A more realistic target is two reviews every six months, depending on size and volumes, and staff availability. Based on continuing staff vacancies we propose to begin a full implementation schedule beginning with calendar year 2018.	No change from previous management response. We are still on target to begin implementation in CY2018.
<b>July 2015</b>	Tax Recovery and Collection (DTA)	OFFA recommended the DTA have tax auditors review prior periods to ensure Federal Information Processing Standard (FIPS) codes are correct.  If the FIPS codes are incorrect efforts should be made by the tax specialists to communicate with the business of what it needed.	June 30, 2018 (Updated)	DTA continues to research misallocations and enter VTAX tax account numbers and FIPS codes where missing in the current system. We plan to do more testing once the new system comes up to ensure that the information added to current system is converted. New system go live date is now January 2018.  In regards to the letter, we are still working on BPOL processing for this year. We should be done by the end of June. Given that we will be going into a new tax system, we are trying to determine if it's best to send letters to all businesses that did not include sales tax accounts numbers on their BPOL renewals this year, or delay this until after we go live with the new system and upload the information we get from the letter in the new system.	BPOL filing for 2018 is upon us (Due date 3/1/18). Given that we are scheduled to go live with the new system in June 2018, we decided that it is best to postpone this until the new system is up and running.
<b>July 2015</b>	Tax Recovery and Collection (DTA)	OFFA recommended that DTA staff should continue efforts to review all files over a 36 month period, within the statute of limitations for collections.  OFFA recommended that DTA should incorporate use of excel formulas which would match unique identifiers quicker therefore speeding up the review process.	June 30, 2018 (Updated)	Data entry of sales tax account numbers or FEIN for business accounts is still ongoing. A test run of the matching program was run in our current system and it worked as expected. Those sales tax accounts that did not find a match in the current business system written to a report. The businesses listed on the report is researched by staff to locate a sales tax account number in IRMS and then the information is entered in our tax system. We plan to test this matching program again in the new business system scheduled to go live January 2018.  We have completed the review process for the Business Tax Specialists. A system change was made to add BTS Geographical Area Code to each business account.	The plan continues to be to test the matching program again in the new system that is scheduled to go live sometime in June 2018.

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**(Implemented)**

IMPLEMENTED					
Month/ Year	Study Topic	Recommendation Outline	Completed	Prior Management Response	Updated Management Response
<b>September 2017</b>	Service Delivery of Disposition Vendor (FCPD)	OFPA recommends that FCPD liaise with Department of Procurement and Material Management (DPM) & Department of Public Works and Environmental Services (DPWES) to procure a disposition vendor as there is no timetable for the reestablishment of Covanta operations. Efforts should be made to leverage off of related previously employed procurement practices (e.g. Disposal contracts for Solid Waste Management). Given the circumstance above (i.e. uncertainty in Covanta returning to operational) the procurement of a backup disposition vendor could be beneficial to mitigate any similar events.	November 1, 2017	FCPD has acted upon OFPA's recommendation and liaised with DPM and DPWES regarding this situation. Mr. John Kellas, Deputy Director of DPWES, has confirmed from Covanta that FCPD can utilize the Covanta facility in Alexandria to destroy the backlog of items awaiting destruction. Covanta Alexandria will honor the same terms and conditions its Lorton facility afforded FCPD. DPWES and FCPD staff will coordinate with Covanta Alexandria to work out the logistical details and schedule the destruction date(s) as soon as possible. It is anticipated that the backlog of items can be destroyed by November 1, 2017.	FCPD is happy to report that Covanta Lorton has reopened for business. Mr. John Kellas, Deputy Director of DPWES, met with FCPD managers, toured the Property & Evidence Section, and then directed DPWES resources to begin alleviating the backlog of items. Much of the backlog has been removed and a better plan is being developed for ordinary surplus items. A destruction date for the narcotics and firearms is being scheduled for February 2018. FCPD staff, including Internal Affairs representatives, is auditing over 11,000 items in preparing for this destruction event. A review of the Covanta Alexandria contract remains a work in progress by DPM staff. This contract will serve as a backup should Covanta Lorton become unavailable again.
<b>June 2017</b>	FCPA Aged Cash Proffers Management/ Oversight (FCPA)	OFPA staff recommends that FCPA staff develop and implement a process whereby aged cash proffers balances that remain on the County's books are reviewed (based on a timeframe as deemed appropriate by FCPA management, e.g., every three years) to identify whether the funds can be utilized as set forth in the proffer language, deployed to other projects, returned to the developer or other payor, and/or escheated, as appropriate. This initiative should assist staff in reducing the number and amount of aged balances on-going.	December 28, 2017	The FCPA will review and enhance its cash proffer SOP by the end of FY 2018 to address the aged cash proffers. Many of the FCPA cash proffers have an identified and planned use, and FCPA will revisit those uses to ensure they're appropriate and consult with the OCA for advice and support for appropriate utilization.	Completed. Proffer process updated. Aged proffers for \$1.4 million approved for redirected use by BOS. Sent other aged proffers with questions on re-use to OCA.
<b>June 2017</b>	Cash Proffers Close-Out Procedures (FCPA)	We recommend FCPA staff collaborate with DOF to develop a close-out process for cash proffers and update the FCPA Proffer Processing Procedures with this information. This process would ensure that cash proffers are closed-out both on the FCPA internal tracking spreadsheet and in FOCUS. Additionally, this process will assure no future disbursements from these cash proffers accounts can occur.	December 28, 2017	The FCPA will enhance its current proffer procedures to clearly define the close out process and will work closely with DOF to include their procedural recommendations. The FCPA will enhance its recording of proffers and spreadsheet tracking to show the full use of that proffer only. When these residual balances were incurred, staff was planning to apply other appropriate proffer funds that had been received and that were not restricted for use for any one project. Applicants in rearing sometimes choose to proffer cash contributions to public parks and recreation facilities generally for the community with no geographic restriction or identification of a specific project. In the future, the residual balances, if any, will be shown against the account of another appropriate cash proffer. These accounting and procedures changes will be implemented by December 31, 2017.	FCPA has updated their internal Proffer Processing SOP with the necessary Close-out procedures included.

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IMPLEMENTED (CONTD)					
Month/ Year	Study Topic	Recommendation Outline	Completed	Prior Management Response	Updated Management Response
<b>June 2017</b>	Review of Consulting Accountants Contract (DCCS)	<p>OFPA recommends that the new engagement letter/contract include language whereby re-computation documents are provided to DCCS to assist them in reverse engineering the analysis to enhance the knowledge transfer process. We also recommend that DCCS staff work with counsel to develop and include knowledge transfer language in that engagement letter/contract.</p> <p>As this area of expertise resides with counsel, we acquiesce to counsel's determination as to which document this language should be included.</p>	December 29, 2017	DCCS concurs with OFPA's recommendation to work with OCA to develop and include knowledge transfer language in the next consultant contract by the target implementation date.	The Department of Cable and Consumer Services worked with the Office of the County Attorney to develop knowledge transfer language for the next consultant contract. This language is included in the Informal Request for Proposal to be issued in February 2018 and evaluated and awarded by the Selection Advisory Committee by June 2018.
<b>March 2017</b>	Timekeeping Controls (FCPA)	Efforts should be made to adequately segregate process of approval and data entry for FCPA staff's time.	March 24, 2017	<p>Management has issued memorandums in the past requesting that staff comply with the initiative of entering and approving time worked. FCPA also has over 20 FOCUS Timekeepers that are able to enter employee's time; this list has been circulated to FCPA supervisors and managers as a resource. Given the continued infractions, FCPA will reiterate this directive. If feasible at the existing staff levels, consideration will be made to perform quarterly reconciliations of source documentation and data entry on a sample basis. Additionally, this issue was discussed with the FCPA leadership team so that they may monitor and reinforce the need for separation of duties.</p>	The Payroll Processing team sent out communications detailing the need for separation of duties. An audit is completed by the Payroll team after each pay period and issues are addressed. Continued communication and process reminders are issued on an as needed basis.
<b>June 2016</b>	Completeness of the Accounts Receivable Aging Report (Office of the Sheriff)	OFPA recommended that the Office of the Sheriff's finance staff explore opportunities to enhance their AR process (e.g. Aged Receivable Management) to better align with No. FFS 436.	9/30/2017 (Updated)	Currently utilizing monthly aging reports and have identified all reconciling issues that need to be adjusted. Waiting for confirmation about the Bad Debt G/L to use from DOF.	The Sheriff's Office has initiated all of their AR procedures and have the monthly AR Aging review process in full swing. With the exception of two items, (An MSNBC invoice and one ATF invoice, which are being adjusted this week), we have no invoices past 30 days. Finance and the FOCUS business group have been instrumental in getting us a full aging report and adjustment procedures so we can maintain our monthly review process and collection efforts according to County guidelines.
<b>May 2016</b>	Internal Orders Codes in FOCUS HCM Module for Employee Organizations Administrative Leave & Periodic Audits – Fairfax County (DHR)	<p>OFPA recommended communication is made through the proper Fairfax County channels, whereby managers must only approve leave time coded to Administrative Leave (L201 and L204) in HCM.</p> <p>OFPA also recommended DHR develop a procedure which reconciles and monitors audits Employee Organization annual allotments (240 hours).</p>	December 5, 2017	<p>Updates and changes have been made to the Personnel/Payroll Administration Policies and Procedures (PAAPP) Memo 39 in regards to Administrative Leave. The proposed changes will be presented at the October 3, 2017 Personnel Committee Meeting (along with other regulation changes) for approval. Included in these changes is the requirement for employee groups to submit audit documentation to DHR by August 1 for the prior year to ensure the 240 Administrative Leave hours are not exceeded.</p> <p>DHR has established quarterly meetings with employee groups, HR Managers, and Payroll Contacts to discuss relevant information and changes going forward. DHR will continue to train and educate on the proper use of administrative leave codes by employees and approval by managers by coding the correct internal order number (L201 or L204).</p>	As a follow up and to close the loop the proposed changes to Personnel Regulation 10 (Leave) were approved on October 3 at the Personnel Committee meeting, then a public hearing was held on November 29 and finally approved at the Board of Supervisors meeting on December 5, 2017.

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IMPLEMENTED (CONTD)					
Month/ Year	Study Topic	Recommendation Outline	Completed	Prior Management Response	Updated Management Response
<b>May 2016</b>	Proper Use of Administrative Leave Codes by Employees & Approval by Managers – Fairfax County (DHR)	OFFA recommended that DHR redistribute the Administrative Leave Memorandum as well as any other relevant information to all related employees.	December 5, 2017	Updates and changes have been made to the Personnel/Payroll Administration Policies and Procedures (PPAPP) Memo 39 in regards to Administrative Leave. The proposed changes will be presented at the October 3, 2017 Personnel Committee Meeting (along with other regulation changes) for approval.	As a follow up and to close the loop-the proposed changes to Personnel Regulation 10 (Leave) were approved on October 3 at the Personnel Committee meeting, then a public hearing was held on November 29 and finally approved at the Board of Supervisors meeting on December 5, 2017.
<b>November 2016</b>	Accuracy of Information in Grant Module (DMB)	OFFA recommends that consideration is given to ensuring the presentation of information is consistent on all tabs for each grant.  DMB should forward updated instructions to the grants representative for each agency.  If feasible with existing staff levels, periodic sample reviews of the grant uploaded information should be reviewed for accuracy.	September 29, 2017	Implementation of the recommendations are in process. DMB has provided targeted outreach as it relates to the consistent presentation of information and training. In addition, DMB will be sending updated instructions and a reminder of ATP guidelines as part of the annual budget cycle. The target implementation date for distribution of this information to all agencies who manage grants is no later than September 30.	DMB has implemented all of the recommendations. I have attached a copy of the email which provided additional guidance on how agencies should be using grant master data in the grant module and how grant master data should be reviewed and maintained. The email also included a link to ATP-020 Reconciliation of Financial Transactions. The email was sent to all agency grant contacts on September 29, 2017.
<b>November 2016</b>	Updated Vendor Certificates of Insurance (DPWES)	OFFA recommends that DPWES work with vendors to obtain updated Certificates of Insurance documents and include them in contract files.  Processes should be developed to ensure that these files remain updated.	August 31, 2017 (Updated)	The need to monitor and obtain current Certificates of Insurance (COI) has been reinforced with DPWES Project Managers. COI's are now required as part of the contract record of negotiations. A DPWES COI tracking log was implemented on January 6, 2017. After further evaluation, DPWES determined the complete insurance section wording should be updated (not just COI wording). Coordination with Risk Management and the County Attorney's Office has now been completed. Revised wording is in the process of being incorporated into DPWES professional Services contracts and notifying staff of the revisions.	As noted previously, a Certificate of Insurance (COI) tracking log was developed and implemented in January 2017. In addition, updated insurance wording was coordinated with Risk Management and the County Attorney's Office. The new insurance requirement wording was implemented in August 2017.
<b>November 2016</b>	Review of Contracts and Contract Leveraging (FCOOT)	OFFA, with the concurrence of the County Attorney's Office, recommends a review of procedures for legal review of contract documents and templates in order to maintain consistency with County requirements and practices.  We further recommend that this review include an assessment of the process for leveraging off of contracting documents developed by other agencies.	November 21, 2017	This recommendation was specifically related to Standard project agreements with outside agencies that are utilized on numerous projects. Most common and those cited in the audit were the agreement with Fairfax County Water Authority (FCWA) and the FCOOT Engineering Proposal Document, both of which were originally developed by/for DPWES and have been modified/tailored by FCOOT for Transportation projects. The FCWA agreement has recently been reviewed, updated and approved by the County Attorney's office and FCWA. An Action Item is being prepared for Board Approval of the updated agreement and is anticipated to go to the BOS in September 2017. We have coordinated the review and update of the agreement with DPWES. Once approved, the standard project agreement can be utilized by both agencies. The EPD is still under review by the County Attorney's office.	Complete. A board item was presented to the County Board of Supervisors on November 21, 2017 and approved.

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**(Implementation Not Started)**

IMPLEMENTATION NOT STARTED					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
November 2017	Acquiring and Maintaining Disposal Certificates (DIT & DPMM)	We recommend that DIT maintain disposal certificates <b>utilizing DIT's prescribed record maintenance format, e.g. electronically and in compliance with the record retention policy</b> with the serial numbers to better track their inventoried property. Additionally, reconciliations should be performed between <b>(E-Waste Recycler Inventory Reconciliation Forms to Original E-Waste Recycler Disposal Request)</b> .	June 30, 2019	DIT is working with DPMM to address this finding with the contractor (proper maintenance of disposal certificates). It is DIT's understanding that disposal certificates were made available subsequent to the original draft of this report but they did not include serial numbers. As DPMM addresses the matter with the recycling vendor, DIT is pursuing alternative options for the disposal of equipment that provides better operational and cost efficiencies, that optimizes the buys, strengthens controls and accountability and enables better productivity eliminating multiple parties and steps. DIT will tighten process to reconcile, receive and store certificates in county systems. With the ratio of staff-to-PC's noted in the DIT LOB, service levels may extend. The timeframe for completion of this task is first quarter 2018, with projected program reorganization and implementation for FY 2019.	OPFA will follow-up on this recommendation in the next status update.
November 2017	Tracking of DIT Inventoried Property (DIT)	Subsequent to this review, DIT documented processes to implement an IT Management overview whereby relevant procurement equipment could be traced through the lifecycle to effect appropriate actions, e.g. recognition, retired, disposed, and/or etc. This would allow DIT to implement processes whereby all relevant asset related data are maintained in a centralized repository. Further to the process, reconciliations to FOCUS (as prescribed by the appropriate oversight function, e.g. DPMM and/or DOF) could be performed. We also recommend any/all shipping documentation related to Printers be executed (by both parties / the County and the service provider's representative) and maintained by DIT (utilizing DIT's prescribed record maintenance format, e.g. electronically and in compliance with the record retention policy).	March 30, 2018	Prior to the start of this review, DIT had initiated a project to implement a new IT Service Management system. The work included development of IT industry best practices and processes, system acquisition, policy configuration and features for agencies. The system tracks relevant equipment through the lifecycle supporting and effectuating appropriate actions as recommended by the Auditor. This project and status was reported as part of the Auditor study, with the first phase turned on to support the IT Service Desk while this review was on-going. DIT will continue to refine its tracking of computer, mobility and peripheral equipment under its purview through its lifecycle in this centralized repository. Further, DIT will work with the FISC for integration with FOCUS and for reconciliations as prescribed by the appropriate County oversight function.  The Multi-function device program is an outsourced service, with equipment under their purview and not owned by the County. The program has been successfully managed in this manner since its inception over ten years ago. DIT has no problem getting additional vendor documentation when they remove the old equipment from County sites that are being replaced with new equipment through the lease arrangement. The timeframe for completion of these tasks is early 2018.	OPFA will follow-up on this recommendation in the next status update.
November 2017	Recycled Equipment Revenue Recognition (DIT)	We recommend that a policy is codified (to centralize the collection and recycle initiatives through DIT) whereby a process could be implemented to capture potential revenue leakage related to any available recycled revenue receipts for all agencies / departments in the County. We also recommend that DIT and DPMM (if applicable) lease with DOF to determine the most efficient manner for receiving, recognizing, and tracking the receipt and use of these funds.	March 30, 2018	It should be noted that the revenue being discussed is received on used equipment no longer viable for county business use that the county generally receives when new from vendors for free or very minimal cost, and that the cost of wireless services for devices in agencies come from agencies' budgets. DIT Mobility Center staff had originally identified this potential for some revenue to off-set Mobility Center costs a few years ago, whereby checks received from vendors were properly deposited and posted in FOCUS per county policy. Expected revenue return is not expected to generate significant sums, but the projected amount could support an additional staff resource that would benefit administrative processing in the Center. The mobility center will update the DIT policy to address the collection of devices no longer being used, however we will also work with agencies in recognizing their budget impact equity. DIT will continue to work in accordance with established financial policy and procedure for the recordation of funds generated from the sale of this equipment within DIT's purview. All revenue will be recorded in FOCUS and any credits will be recorded so as to reflect the total derived benefits from this program. The timeframe for completion of this task is the first quarter of 2018 and may be impacted by the development of the device collection policy.	OPFA will follow-up on this recommendation in the next status update.



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IMPLEMENTATION NOT STARTED (CONT'D)					
Month/ Year	Study Topic	Recommendation Outline	Target Implementation Date	Prior Management Response	Updated Management Response
<b>November 2017</b>	Vendor Classification (DOF & DPWES & DAHS)	As all vendors are required to complete vendor forms, it appears some of these forms submitted are incomplete. All procurement authorities should liaise with unclassified vendors to obtain completed forms for classifications, if applicable. This data should then be used to update all relevant records. Additionally, mechanisms should be developed and employed to review this repository of data periodically to maintain updated records.	<b>DOF</b> - June 30, 2018 <b>DPWES</b> - February 28, 2018 <b>DAHS</b> - April 1, 2018	<p>DOF Response: The Department of Finance (DOF) will add the S, WaM form to the DOF forms webpage and include it as required documentation when establishing a vendor record in FOCUS. In addition, DOF will update the vendor file policy to reflect this requirement and update the vendor training accordingly.</p> <p>DPWES Response: Currently DPWES vendors for professional services and construction contracts do complete vendor S, WaM forms; however, going forward DPWES will ensure that the information from the forms is consistently entered into FOCUS. Any applicable unclassified DPWES vendors in FOCUS will be corrected by either entering information from existing forms from project files or by reaching out to obtain the vendor classification. FOCUS vendor information will be reviewed on an annual basis and updated, as needed.</p> <p>DAHS Response: DAHS will work with DPMM to ensure the S, WaM forms are accessible to program staff, procurement staff and vendors. Health and Human Services (HHS) Procurement and Financial staff who enter vendor records into the FOCUS system will collect data via the S, WaM Form at the time they collect new vendor W-9 information and add the S, WaM data to the vendor record. In addition, when HHS Contracts staff issue informal solicitations, they will include the S, WaM data form in the solicitation package. DAHS will make programming changes to the Health and Human Services System electronic Request for Supplies and Services form to facilitate the S, WaM form completion. Target completion date is April 1, 2018. As detailed above, action is being taken by DOF to assist with this process.</p>	OFPA will follow-up on this recommendation in the next status update.
<b>November 2017</b>	S, WaM Classification Process (DPMM)	DPMM disseminate a standard S, WaM Classification Form to the procurement authorities. This form should be utilized by all procurement authorities to classify vendors and be maintained within the contract files. This form should assist in the process of standardizing S, WaM classifications County-wide.	December 31, 2017	DPMM concurs with this recommendation.	OFPA will follow-up on this recommendation in the next status update.
<b>November 2017</b>	Sole Source & Cooperative Agreement Compilation (DPMM)	DPMM develop a sole source & cooperative agreement submission form. A memorandum should also be developed that details the frequency of submission, to whom it is submitted in DPMM, and other important factors as deemed appropriate by DPMM. Both of these documents should be disseminated to the procurement authorities after implementation. This process will be an enhancement to current report-out as it makes both the Board and public aware of how the County's funds are being appropriated.	March 31, 2018	<p>DPMM can comply with this reporting recommendation.</p> <p>Sole Source: The department currently publishes the ratio of competitive contracts awarded by DPMM annually. DPMM will report the number of sole source contracts executed by all procuring authorities on an annual basis.</p> <p>Cooperative contracts: Cooperative contracts are competitively sourced agreements that are established by other governmental entities, including the Commonwealth of Virginia. DPMM can provide annual reporting of cooperative procurement transactions for all such transactions, other than those using Commonwealth of Virginia contracts. It is not feasible to report all cooperative procurement transactions without considerable changes to policy and system architecture. DPMM will coordinate with the FOCUS Business Support Group to consider system related solutions.</p>	OFPA will follow-up on this recommendation in the next status update.
<b>November 2017</b>	Insurance Coverage Documentation (FCPS)	As per the County's Risk Management Division, updated and properly executed certificates of liability documents should be obtained and maintained by FCPS in the contract files. These certificates serve as proof of insurance coverage for procured vendors.	December 31, 2017	FCPS implemented a revised process in February 2017 where OPS requires the Certificate of Insurance to be submitted by the vendor within 10 days of contract award. A copy is placed in the OPS contract file and the original is provided to FCPS Risk Management. Risk Management tracks certificates of insurance in the STARS system and ensures valid, current certificates of insurance are maintained. If it is determined that a vendor is noncompliant, Risk Management will notify OPS for further action. FCPS is currently in the process of reviewing its contract files and comparing it with the data in the STARS system. Of the exceptions noted, Certificates of Insurance which meet the contractual requirements have been obtained from 6 of the vendors and are on file in OPS and were provided to Risk Management. Certificates of insurance for remaining 1 vendor has been requested.	OFPA will follow-up on this recommendation in the next status update.

**Fairfax County  
Office of Financial and Program Audit**

**INQUIRIES TO OFPA**



**County of Fairfax, Virginia**

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

**INQUIRIES TO THE OFFICE OF FINANCIAL AND PROGRAM AUDIT**

Inquiry Received From	District/Location	Status of Inquiry	Date Received	Concern and/or Requests for Audits
Ruthie Caudill / Fairfax County Constituent	Fairfax County	N/A	11/16/2017	Information sent by constituent regarding a police case.
Ruthie Caudill / Fairfax County Constituent	Fairfax County	N/A	11/16/2017	Information sent by constituent regarding a Senator's family.
Ruthie Caudill / Fairfax County Constituent	Fairfax County	N/A	11/17/2017	Information sent by constituent so that charges against him/her are not made.
Ruthie Caudill / Fairfax County Constituent	Fairfax County	N/A	11/27/2017	Information sent by constituent regarding a police case.
Ruthie Caudill / Fairfax County Constituent	Fairfax County	N/A	11/27/2017	Information sent by constituent regarding transport to Inova Hospital.
Jordon Pool / Fairfax County Constituent	Fairfax County	In Progress	12/28/2017	Citizen inquiry through Hunter Mill District regarding the County's use of contracted wrecker service. Follow up on incident is being coordinated with FCPD, FCPD Internal Affairs and OCA. A report from FCPD to be received this week. Upon receipt, OFPA will compile write up, review with FCPD and revert to the Hunter Mill Supervisor. A summarized conclusion will be included in this document at close out.
Gardell Yancey / Nonresident	Cook County	N/A	2/5/2018	Information sent by nonresident regarding national security implications.

**Fairfax County  
Office of Financial and Program Audit**

**APPENDICIES**

**APPENDIX A**

<b>EMS Hardship Waiver Approval Substantive Testing</b>						
<b>Selected Sample Attributes</b>				<b>Testing Results</b>		
<b>Date</b>	<b>Amount</b>	<b>Run Number</b>	<b>Date of Service</b>	<b>Proper Hardship Documentation Maintained</b>	<b>Proper Authorization of Hardship Waivers</b>	<b>Written Off</b>
7/25/2016	\$ 711.20	E160533213	2/22/2016	Yes	Yes	Yes
7/15/2016	\$ 750.80	E161000747	4/9/2016	Not Complete	No (Note1)	Yes
8/9/2016	\$ 670.40	E161033136	4/12/2016	Yes	Yes	Yes
8/1/2016	\$ 767.60	E160031150	1/3/2016	Yes	Yes (Note 2)	Yes
9/8/2016	\$ 718.40	E161201924	4/29/2016	Not Complete	No (Note1)	
10/3/2016	\$ 662.00	E160980072	4/7/2016	Yes	Yes	Yes
10/25/2016	\$ 695.60	E162131088	7/31/2016	Yes	Yes	Yes
11/23/2016	\$ 681.20	E162701684	9/26/2016	Yes	Yes	Yes
11/23/2016	\$ 705.20	E162521646	9/8/2016	Yes	Yes (Note 2)	Yes
12/9/2016	\$ 718.40	E162061969	7/24/2016	Yes	Yes (Note 2)	Yes
1/20/2017	\$ 915.20	E162370573	8/24/2016	Not Complete	No (Note1)	Yes
1/20/2017	\$ 852.80	E162940586	10/20/2016	Yes	Yes	Yes
2/17/2017	\$ 731.60	E163240675	11/19/2016	Yes	Yes	Yes
2/17/2017	\$ 693.20	E162533411	9/10/2016	Yes	Yes	Yes
3/27/2017	\$ 710.00	E162811737	10/7/2016	Yes	Yes (Note 2)	Yes
3/27/2017	\$ 536.00	E170630827	3/4/2017	Yes	Yes (Note 2)	Yes
4/17/2017	\$ 689.60	E170350148	2/4/2017	Yes	Yes	Yes
4/17/2017	\$ 706.40	E153132744	11/9/2015	Yes	Yes (Note 2)	Yes
5/17/2017	\$ 680.00	E170780304	3/19/2017	Yes	Yes (Note 2)	Yes
5/17/2017	\$ 476.00	E131522107.1	6/1/2013	Not Complete	No (Note1)	Yes
6/12/2017	\$ 690.80	E152940925	10/18/2015	Yes	Yes	Yes
6/12/2017	\$ 694.40	E171161598	4/26/2017	Yes	Yes (Note 2)	Yes
7/18/2017	\$ 699.20	E170980822	4/8/2017	Yes	Yes (Note 2)	Yes
7/18/2017	\$ 550.40	E161322612	5/11/2016	Yes	Yes	Yes
8/7/2017	\$ 544.40	E152840386	10/11/2015	Yes	Yes	Yes
8/4/2017	\$ 736.40	E170691157	3/10/2017	Yes	Yes	Yes
9/19/2017	\$ 810.80	E171781233	6/27/2017	Yes	Yes	Yes
5/17/2017	\$ 806.00	E170300583	1/30/2017	Not Complete	No (Note1)	Yes
10/25/2016	\$ 732.80	E161600579	6/8/2016	Yes	Yes	Yes
9/19/2016	\$ 682.40	E153470192	12/13/2015	Yes	Yes	Yes

**Note 1:** Customer did not provide all the requisite supporting documentation.

**Note 2:** Approved per INOVA financial aid documentation.



**Fairfax County  
Office of Financial and Program Audit**

**APPENDIX B**

EMS Transport Billings and Collections Substantive Testing												
Selected Sample Attributes							Testing Results					
Run Date	Drop-off	Primary Insurance	Resident Flag	Transport Charges	Mileage Charges	Mileage	Net Charges	Accurate Billing Statements	Payments Received for Services Rendered	Proper Documentation for Rejected Claims Maintained	Reconciled to FOCUS	Efforts Executed per Contract Criteria
10/31/2016	INOVA FAIRFAX HOSPITAL	SELF PAY	Resident	\$ 650.00	\$ 56.40	4.7	\$ 706.40	Yes	No	N/A	Yes	Yes
5/9/2016	INOVA FAIRFAX HOSPITAL	SELF PAY	Resident	\$ 800.00	\$ 175.20	14.6	\$ 975.20	Yes	No	N/A	Yes	Yes
2/10/2016	INOVA FAIRFAX HOSPITAL	SELF PAY	Resident	\$ 500.00	\$ 33.60	2.8	\$ 533.60	Yes	No	N/A	Yes	Yes
7/8/2016	INOVA FAIRFAX HOSPITAL	ANTHEM BCBS OF VA	Non-Resident	\$ 800.00	\$ 139.20	11.6	\$ 939.20	Yes	No	Yes	Yes	Yes
2/1/2016	INOVA FAIRFAX HOSPITAL	ANTHEM FEDERAL MAIL ADMINISTRATION	Non-Resident	\$ 650.00	\$ 66.00	5.5	\$ 716.00	Yes	Yes	N/A	Yes	N/A
12/12/2016	INOVA FAIRFAX HOSPITAL	ATTORNEY	Resident	\$ 800.00	\$ 168.00	14	\$ 968.00	Yes	No	Yes	Yes	Yes
6/30/2016	INOVA FAIRFAX HOSPITAL	CAREFIRST	Non-Resident	\$ 650.00	\$ 34.80	2.9	\$ 684.80	Yes	Yes	N/A	Yes	N/A
5/16/2016	SPRINGFIELD HEALTHPLEX	ANTHEM FEDERAL MAIL ADMINISTRATION	Non-Resident	\$ 650.00	\$ 52.80	4.4	\$ 702.80	Yes	Yes	Yes	Yes	N/A
12/26/2016	INOVA FAIRFAX HOSPITAL	MEDICAID VIRGINIA	Resident	\$ 800.00	\$ 180.00	15	\$ 980.00	Yes	No	Yes	Yes	Yes
3/5/2016	INOVA FAIRFAX HOSPITAL	HIGHMARK MEDICARE	Resident	\$ 650.00	\$ 100.80	8.4	\$ 541.20	Yes	Yes	N/A	Yes	N/A
12/26/2016	RESTON HOSPITAL CENTER	HIGHMARK MEDICARE	Resident	\$ 650.00	\$ 58.80	4.9	\$ 516.26	Yes	Yes	N/A	Yes	N/A
5/28/2016	MOUNT VERNON HOSPITAL	SELF PAY	Resident	\$ 650.00	\$ 38.40	3.2	\$ 688.40	Yes	No	N/A	Yes	Yes
11/15/2016	RESTON HOSPITAL CENTER	ANTHEM FEDERAL BCBS OF VA	Non-Resident	\$ 650.00	\$ 7.20	0.6	\$ 657.20	Yes	Yes	N/A	Yes	N/A
6/7/2016	INOVA FAIR OAKS HOSPITAL	HIGHMARK MEDICARE	Resident	\$ 650.00	\$ 98.40	8.2	\$ 539.77	Yes	Yes	N/A	Yes	N/A
12/6/2016	INOVA FAIRFAX HOSPITAL	HIGHMARK MEDICARE	Resident	\$ 650.00	\$ 52.80	4.4	\$ 512.70	Yes	Yes	N/A	Yes	N/A
3/7/2017	INOVA FAIR OAKS HOSPITAL	HIGHMARK MEDICARE	Non-Resident	\$ 650.00	\$ 99.60	8.3	\$ 544.28	Yes	Yes	N/A	Yes	N/A
7/10/2017	SPRINGFIELD HEALTHPLEX	UNITED HEALTHCARE	Resident	\$ 650.00	\$ 36.00	3	\$ 686.00	Yes	Yes	N/A	Yes	N/A
1/15/2017	INOVA FAIRFAX HOSPITAL	SELF PAY	Resident	\$ 650.00	\$ 51.60	4.3	\$ 701.60	Yes	No	N/A	Yes	Yes
7/3/2017	MOUNT VERNON HOSPITAL	CAREFIRST	Resident	\$ 650.00	\$ 54.00	4.5	\$ 704.00	Yes	Yes	N/A	Yes	N/A
1/17/2017	MOUNT VERNON HOSPITAL	EMPLOYEE MUTUAL INC	Resident	\$ 650.00	\$ 27.60	2.3	\$ 677.60	Yes	Yes	N/A	Yes	N/A
2/21/2017	INOVA FAIRFAX HOSPITAL	HIGHMARK MEDICARE	Resident	\$ 650.00	\$ 102.00	8.5	\$ 545.72	Yes	Yes	N/A	Yes	N/A
1/1/2017	SPRINGFIELD HEALTHPLEX	UNITED HEALTHCARE	Resident	\$ 650.00	\$ 10.80	0.9	\$ 660.80	Yes	Yes	N/A	Yes	N/A
7/27/2017	SPRINGFIELD HEALTHPLEX	MEDICAID VIRGINIA	Resident	\$ 650.00	\$ 33.60	2.8	\$ 168.08	Yes	Yes	N/A	Yes	N/A
4/3/2017	INOVA FAIRFAX HOSPITAL	SELF PAY	Resident	\$ 650.00	\$ 32.40	2.7	\$ 682.40	Yes	No	N/A	Yes	Yes
7/22/2017	WASHINGTON HOSPITAL CTR	SELF PAY	Resident	\$ 800.00	\$ 331.20	27.6	\$ 1,131.20	Yes	No	N/A	Yes	Yes
3/22/2017	INOVA FAIRFAX HOSPITAL	ATTORNEY	Non-Resident	\$ 500.00	\$ 60.00	5	\$ 560.00	Yes	Yes	N/A	Yes	Yes
6/25/2017	WASHINGTON HOSPITAL CTR	SELF PAY	Resident	\$ 650.00	\$ 355.20	29.6	\$ 1,005.20	Yes	No	N/A	Yes	Yes
5/7/2017	INOVA FAIRFAX HOSPITAL	HIGHMARK MEDICARE	Resident	\$ 650.00	\$ 62.40	5.2	\$ 522.04	Yes	Yes	N/A	Yes	N/A
11/7/2017	INOVA FAIRFAX HOSPITAL	SELF PAY	Resident	\$ 650.00	\$ 116.40	9.7	\$ 766.40	Yes	Pending	N/A	Yes	Yes
6/3/2017	INOVA FAIR OAKS HOSPITAL	SELF PAY	Resident	\$ 650.00	\$ 331.20	27.6	\$ 981.20	Yes	No	N/A	Yes	Yes

**Fairfax County  
Office of Financial and Program Audit**

**APPENDIX C**

Selected Sample of County Owned Land from DTA File (As per 12/15/2017)						
Selected Sample Attributes						
Tax Map No.	Acres	Land Record Parcels Historical Cost Recorded in iCare (Circuit Court Historical Records)	Land Record Acreages Recorded in FOCUS	Land Record Parcel Historical Costs Recorded in FOCUS	Diff	DOF Notes
0441 01 0001D	6.857	\$6,941,757.00	6.86	\$1,272,208.54	\$5,669,548.46	REQUIRE FURTHER RESEARCH BY DOF
0802 07 H	9.027	\$9,400,000.00	9.027	\$2,472,200.00	\$6,927,800.00	REQUIRE FURTHER RESEARCH BY DOF
0561 15 0006	9.119	\$11,110,610.00	9.119	\$151,750.63	\$10,958,859.37	REQUIRE FURTHER RESEARCH BY DOF
0451 01 0007	15.897	\$5,500,000.00	20.89	\$3,762,000.00	\$1,738,000.00	REQUIRE FURTHER RESEARCH BY DOF
0293 01 0057B	2.576	\$362,500.00	2.576	\$367,215.00	-\$4,715.00	REQUIRE FURTHER RESEARCH BY DOF
0174 01 0017A	9.013	\$3,900,000.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
0442 01 0002	4.946	\$159,000.00	4.95	\$160,868.00	-\$1,868.00	REQUIRE FURTHER RESEARCH BY DOF
0493 39 0001	4.864	\$5,440,000.00	4.87	\$5,440,000.00	\$0.00	
0561 01 0047C	2.827	\$2,700,000.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
0802 01 0024	8.201	\$1,000,000.00	8.201	\$1,000,000.00	\$0.00	
0921 01 0006	1.256	\$285,000.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
1083 01 0021	13.163	\$225,000.00	13.163	\$225,000.00	\$0.00	
0391 01 0022A	5.17	\$65,000.00	5.17	\$65,000.00	\$0.00	
0302 03 0027	0.689	\$60,000.00	0.688	\$61,379.00	-\$1,379.00	REQUIRE FURTHER RESEARCH BY DOF
0251 01 0018E	1.664	\$427,656.00	1.664	\$271,830.00	\$155,826.00	REQUIRE FURTHER RESEARCH BY DOF
0162 02 0183A1	5.523	\$3,325,000.00	5.523	\$2,327,500.00	\$997,500.00	REQUIRE FURTHER RESEARCH BY DOF
0502 07 0002	0.278	\$50,000.00	0.278	\$50,497.56	-\$497.56	REQUIRE FURTHER RESEARCH BY DOF
0494 14 0004	6.253	\$45,800,000.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
0773 01 0021	7.353	\$1,973,150.00	7.35	\$2,002,084.00	-\$28,934.00	REQUIRE FURTHER RESEARCH BY DOF
0561 15 0005A	2.688	\$49,997,749.00	2.69	\$21,395.65	\$49,976,353.35	REQUIRE FURTHER RESEARCH BY DOF
0711 01 0072	9.053	\$67,827,381.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
0694 01 0053	1.373	\$200,000.00	1.373	\$200,000.00	\$0.00	
0814 01 0021	0.688	\$234,000.00	0.69	\$177,840.00	\$56,160.00	REQUIRE FURTHER RESEARCH BY DOF
0554 04 0001	0.579	\$400,000.00	5.79	\$400,000.00	\$0.00	
0263 01 0002	2.204	\$306,000.00	2.204	\$10,000.00	\$296,000.00	REQUIRE FURTHER RESEARCH BY DOF
0554 01 0010	1.761	\$100,000.00	1.761	\$101,975.00	-\$1,975.00	REQUIRE FURTHER RESEARCH BY DOF
0741 01 0015	0.506	\$6,600.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
0831 01 0043	0.182	\$563,393.00	N/A	N/A	N/A	REQUIRE FURTHER RESEARCH BY DOF
0992 15 0001	9.23	\$2,300,000.00	9.23	\$2,300,000.00	\$0.00	
0353 01 0011A	5.05	\$1,260,790.00	5.05	\$1,260,790.00	\$0.00	

**Fairfax County  
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**APPENDIX D**

BPOL Monthly Reconciliations Substantive Testing							
Selected Sample Attributes			Testing Attributes				
Account #	Reconciliation Month/Year	Date of BPOL Reconciliation	Monthly Reconciliation Documentation Maintained	DTA INovah Report Reconciles to FOCUS	Reconciliation Performed Timely	Reconciliation Properly Approved	Segregation of Duties
122290	Mar-16	4/22/2016	Y	Y	Y	Y	Y
122290	Apr-16	5/19/2016	Y	Y	Y	Y	Y
122290	May-16	6/14/2016	Y	Y	Y	Y	Y

**Fairfax County  
Office of Financial and Program Audit**

**APPENDIX E**

BPOL License Cash Handling Substantive Testing					
Cashier	Transaction Date	Daily BPOL Receipts	INOVAH Daily Transactions	Diff	INOVAH Daily Transaction Report Reconciles to FOCUS
Cashier #1	4/27/2016	\$272.67	\$272.67	\$0.00	Y
Cashier #2	4/27/2016	\$132.75	\$132.75	\$0.00	Y
Cashier #3	4/27/2016	\$83,581.52	\$83,581.52	\$0.00	Y
Cashier #4	4/27/2016	\$43,979.10	\$43,979.10	\$0.00	Y
Cashier #5	4/27/2016	\$17,441.01	\$17,441.01	\$0.00	Y
Cashier #6	4/27/2016	\$3,283.86	\$3,283.86	\$0.00	Y
Cashier #7	4/27/2016	\$1,333.62	\$1,333.62	\$0.00	Y
Cashier #8	4/27/2016	\$13,487.43	\$13,487.43	\$0.00	Y
Cashier #9	4/27/2016	\$111,394.11	\$111,394.11	\$0.00	Y
Cashier #10	4/27/2016	\$215,193.49	\$215,193.49	\$0.00	Y

**Fairfax County  
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**APPENDIX F**

Fairfax County Businesses (Sample of 45) BPOL License Issuance Testing		Fairfax County Businesses (Sample of 45) BPOL License Issuance Testing	
Business Name	Verification of BPOL License Issuance (Found/Not Found)	Business Name	Verification of BPOL License Issuance (Found/Not Found)
Fairfax County Local Business - One	DTA Research - Not Found	Fairfax County Local Business - One	DTA Research - Found
Fairfax County Local Business - Two	DTA Research - Not Found	Fairfax County Local Business - Two	DTA Research - Found
Fairfax County Local Business - Three	DTA Research - Not Found	Fairfax County Local Business - Three	DTA Research - Found
Fairfax County Local Business - Four	DTA Research - Not Found	Fairfax County Local Business - Four	DTA Research - Found
Fairfax County Local Business - Five	DTA Research - Not Found	Fairfax County Local Business - Five	DTA Research - Found
Fairfax County Local Business - Six	DTA Research - Not Found	Fairfax County Local Business - Six	DTA Research - Found
Fairfax County Local Business - Seven	DTA Research - Not Found	Fairfax County Local Business - Seven	DTA Research - Found
Fairfax County Local Business - Eight	DTA Research - Not Found	Fairfax County Local Business - Eight	DTA Research - Found
Fairfax County Local Business - Nine	DTA Research - Not Found	Fairfax County Local Business - Nine	DTA Research - Found
Fairfax County Local Business - Ten	DTA Research - Not Found	Fairfax County Local Business - Ten	DTA Research - Found
Fairfax County Local Business - Eleven	DTA Research - Not Found	Fairfax County Local Business - Eleven	DTA Research - Found
Fairfax County Local Business - Twelve	DTA Research - Not Found	Fairfax County Local Business - Twelve	DTA Research - Found
Fairfax County Local Business - Thirteen	DTA Research - Not Found	Fairfax County Local Business - Thirteen	DTA Research - Found
Fairfax County Local Business - Fourteen	DTA Research - Not Found	Fairfax County Local Business - Fourteen	DTA Research - Found
Fairfax County Local Business - Fifteen	DTA Research - Not Found	Fairfax County Local Business - Fifteen	DTA Research - Found
Fairfax County Local Business - Sixteen	DTA Research - Not Found	Fairfax County Local Business - Sixteen	DTA Research - Found
Fairfax County Local Business - Seventeen	DTA Research - Not Found		
Fairfax County Local Business - Eighteen	DTA Research - Not Found		
Fairfax County Local Business - Nineteen	DTA Research - Not Found		
Fairfax County Local Business - Twenty	DTA Research - Not Found		
Fairfax County Local Business - Twenty-One	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Two	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Three	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Four	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Five	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Six	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Seven	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Eight	DTA Research - Not Found		
Fairfax County Local Business - Twenty-Nine	DTA Research - Not Found		

**Fairfax County  
Office of Financial and Program Audit**

**LIST OF ACRONYMS**

AC	Audit Committee
BOS	Board of Supervisors
BPOL	Business, Professional and Occupational Licenses
CAFR	Comprehensive Annual Financial Report
CY	Calendar Year
DAHS	Department of Administration for Human Services
DHCD	Department of Housing and Community Development
DIT	Department of Information Technology
DMB	Department of Management and Budget
DOF	Department of Finance
DPWES	Department of Public Works and Environmental Services
DPM	Department of Procurement and Material Management
DTA	Department of Tax Administration
EMS	Emergency Medical Services
FBSG	Focus Business Support Group
FCDOT	Fairfax County Department of Transportation
FCPA	Fairfax County Park Authority
FCPS	Fairfax County Public Schools
FMD	Facilities Management Department
FPG	Federal Poverty Guidelines
FRD	Fire and Rescue Department
FY	Fiscal Year
GAAP	General Accepted Accounting Principles
GF	General Fund
G/L	General Ledger
IFB	Invitation for Bid
OCA	Office of the County Attorney
OFPA	Office of Financial and Program Audit
PII	Personally Identifiable Information
POC	Point of Contact
RAA	Retirement Administration Agency
RFP	Request for Proposal
SAC	Selection Advisory Committee
SBC	Small Business Commission
SOP	Standard Operating Procedures
Y-T-D	Year to Date

**ADDENDUM SHEET**

***OFPA (February 2018 /Agency Report and/or Debriefing)***

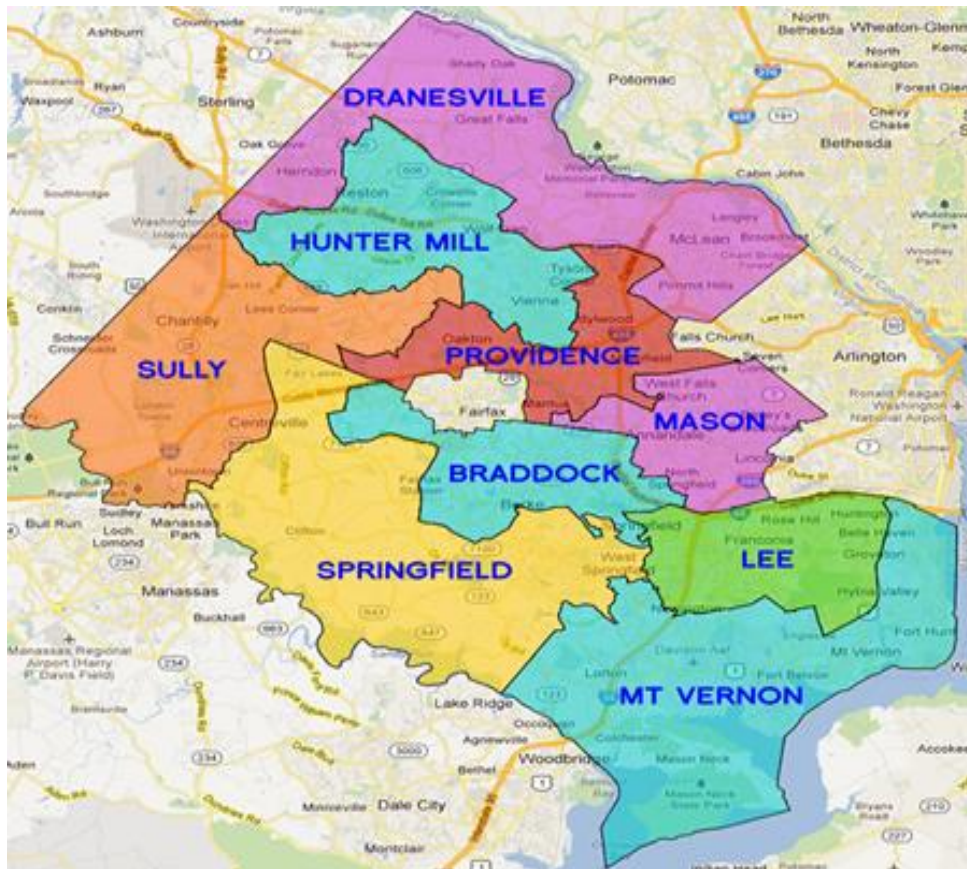
***02/13/2018***

The table below lists discussions from the Audit Committee.

<b><i>Location in Document</i></b>	<b><i>Comments</i></b>
Pg. 9/Observation	Request for insurance companies related write-off aged receivables past 180 days for the last 24 months.
Pg. 9/Observation	Explore opportunities for enhancing the 180 day aged receivables write-off policy.
Pg. 20/Recommendation	Explore opportunities for utilizing alternative SAC members for the evaluation process when the leads are unable to attend meetings.
Pg. 20/Recommendation	Provide training for members of the SAC to include the chair, vice-chair and other positions as deemed appropriate.
Pg. 39/Paragraph One	Consideration should be given to allowing OFPA access to all County records for study purposes.

***~End~***





**FAIRFAX COUNTY BOARD OF SUPERVISORS  
AUDITOR OF THE BOARD**

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